

U.S. politics: vultures gather above Reagan, Page 15

Austria	... So. 15	Indonesia	... Rp 1800	Philippines	... Pes 20
Bahrain	... Dir 0.65	Italy	... L 1100	Portugal	... Esc 95
Belgium	... Br 35	Japan	... Yen 1550	S. Africa	... R 6.50
Canada	... C\$2.50	Jordan	... Frs 500	Singapore	... S\$ 4.18
Denmark	... Kr 7.00	Kuwait	... Dhs 500	Spain	... Str 6.50
Egypt	... E£1.00	Liberia	... L 6.00	Sweden	... Kr 6.50
Fiji	... Fm 5.00	Lithuania	... L 17.35	Tunisia	... Ds 0.60
France	... Frf 5.00	Malaysia	... Ba 4.25	Turkey	... L 130
Greece	... Dr 55	Morocco	... Dhs 1.00	U.A.E.	... Dir 2.25
Iraq	... Rep. 15	Norway	... Nkr 6.00	U.S.A.	... \$1.90

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EUROPE'S BUSINESS NEWSPAPER

Tuesday January 18 1983

NEWS SUMMARY

GENERAL

Gromyko warns Bonn on missiles
Lloyd's moves to suspend Posgate

Soviet Foreign Minister Andrei Gromyko, on the first day of his visit to Bonn, warned West Germany of "serious consequences" should it accept new-generation U.S. intermediate-range nuclear missiles.

None decided to install Pershing-2 missiles from this autumn if the U.S. and the Soviet Union did not reach agreement on limitations.

Mr Gromyko pointed out that West Germany was the only country where it was planned to site the weapons, from which strategic targets in the heart of the Soviet Union could be reached within minutes. Page 2

In London, nine women anti-nuclear campaigners were detained after interrupting House of Commons proceedings.

Tough Whitelaw line on shooting

British Home Secretary William Whitelaw promised the House of Commons a "ruthless response" on the shooting by police of a man in a car, apparently in mistake for a man wanted for attempted murder. Prosecution of the officers will be considered.

Victim Stephen Waldorff's condition was critical last night. Page 16

Iraq air attack

Iraq said its air force attacked Iran's main oil export terminal at Kharg Island in the Gulf, and a gas plant in southern Iranian city Ahwaz.

German spying case

West Germany charged woman clerk Ingeborg Bahniich, 42, with spying for East Germany while working at an air base in Bavaria.

Jail reform pledge

French authorities promised that planned jail reforms would be carried out quickly after 41 men slashed their wrists at a prison near Paris.

EI Al return

Striking EI Al pilots returned to work under threat of instant dismissal, enabling Israel's national airline to resume limited service.

Basque victim freed

Miguel Echevarria, son of a Basque steel magnate, was freed by kidnappers near San Sebastian. It is believed locally that \$1.3m ransom in Spanish and French currency was paid.

Jeweller charged

British jeweller Robert Chatwin, arrested in Denia, Spain, after the discovery there of jewels worth \$4.7m, appears in court today, charged with smuggling.

Guerrilla killed

Peru's most wanted guerrilla, Marxist Carlos Tello, known as Comrade Carlos, was killed as she led about 100 guerrillas in a battle with civil guards in the Andes.

Withdraw degrees

Radical Egyptian lawyer Abdel Hafiz Ramadhan has started court action to have rescinded Cairo University degrees awarded to the widow and son of the late President Anwar Sadat.

Briefly...

Soviet Union needs to build more than 600,000 km (372,000 miles) of roads to connect villages, says Pravda newspaper.

Twenty people drowned in the Nile near Cairo when their sailboat collided with a floating crane.

BUSINESS

Lloyd's moves to suspend Posgate

LLOYD'S of London, the international insurance market, moved again to suspend former leading underwriter Ian Posgate despite a court decision last week that Lloyd's ruling council had acted outside its powers in suspending him. Mr Posgate will be allowed to argue his case before a final decision. Lloyd's also moved yesterday to require working underwriters to disclose earnings from business deals. Page 8

• STERLING gained 55 points to reach \$1.5883 and it also rose to DM 3.7475 (DM 3.73), FF 10.6125 (FF 10.575) and SwFr 3.0725 (SwFr 3.0625), and was unchanged at Yen 365. The Bank of England trade-weighted index rose from Friday's close \$1.6 to \$1.9. Page 30

• DOLLAR rose to DM 2.358 (DM 2.354) and FF 6.6325 (FF 6.63), and fell to SwFr 1.3025 (SwFr 1.304) and Yen 229.5 (Yen 230.5), with its trade-weighting down from 11.7 to 11.7. Page 30

• GOLD rose \$11.5 in London to reach \$494.5, its highest closing price since April 1981. In Frankfurt it rose \$15.25 to \$498.5, and in Zurich \$16 to \$499.5. Page 23

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• FT ACTUARIES ALL STOCKS INDEX 135 130 125 120 115 110 105 100 95 90 85 Oct Nov Dec Jan 1982 1983

• LONDON: FT Industrial Ordinary index went up 5.6 to 818. Government Securities showed gains, averaging more than 1 per cent. Page 25

• WALL STREET: Dow Jones index closed up 3.96 at 1,084.81. Page 24

• AUSTRALIAN all-shares index gained 3.3 at 533.1. Page 24

• TOKYO: Nikkei, Dow, index dropped 5.8 to 8082.73, but the Stock Exchange index edged up 0.4 to 593.26. Page 24

• HONG KONG: Hang Seng index rose \$1.5 to 574.9. Page 24

• EAST GERMAN economic growth in 1982 was 3 per cent, compared with a target of 4.6 per cent. Page 24

• FRANCE: Public sector raised \$10bn in 1982 in bond issues and credits. Page 17. Unemployment fell 1.1 per cent in December to 2,000,000.

• ISRAEL'S trade deficit rose last year to a near-record \$2.95bn.

• TURKEY is to establish three free ports. Page 2

• COMPANIES

• S & W BERISFORD, which owns British Sugar, improved pre-tax profits 34.4 per cent to £52.7m (\$87m) in the year ended September. Lex, Page 16; Details, Page 20

• AIRBUS INDUSTRIE, the European consortium, plans to increase production. Page 6

• ALGEMENE BANK of the Netherlands has been given Australian clearance to set up a merchant bank there with Kerry Holdings' consolidated Press Holdings. Page 19

• ALCAN Aluminiumwerke, West German subsidiary of the Canadian group, is closing its Ludwigshafen smelter. Page 17

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U.S. compromise 'breakthrough' for budget agreement

BY ANATOLE KALETSKY IN WASHINGTON

Advocates of lower budget deficits and higher taxes in the U.S. Administration have won their biggest economic policy victory to date with President Ronald Reagan's approval of social security tax increases and benefit reductions which should cut U.S. budget deficits by around \$20bn in each of the next seven years.

The reforms proposed at the weekend by the special Presidential Commission on Social Security funds the precise effects of the programme on the federal budget will not be clear until after the commission's full report is published on Thursday.

But already U.S. officials are hailing the agreement as a major breakthrough. In addition to the large contribution it will make to reducing deficits directly, the social security reform would serve as a model for further budget compromises to be reached between the White House and the Congress in the weeks ahead, both White House and congressional leaders predicted yesterday.

From President Reagan's point of view, the compromise has the further advantage of dealing with what many analysts regard as the Republican Party's most serious political liability in the last congressional elections - the public perception that the Reagan administration was willing to allow the col-

political defeat he suffered during what is now seen as his "honeymoon" period in the White House.

The after-effects of that defeat allowed the democrats to turn social security into one of their most effective campaign issues and there was serious concern among political strategists at the White House that Democratic leaders would attempt to pin blame for any cutbacks in the programme.

The compromise agreed this weekend, however, has the public endorsement of Mr Tip O'Neill, the Democratic Speaker of the House of Representatives, and other leading Democrats.

The result is that, provided the President and leaders of both the parties can steer the legislation through Congress, social security will have been defused as a political issue in the 1984 presidential election.

About two thirds of the \$169bn deficit will come from a combination of accelerating payroll tax increases originally scheduled for the late 1980s and new taxes to be imposed on higher-income social security recipients from 1985 onwards.

The President's attempt to secure cuts in social security in his first year in office was the only serious

Vultures gathering, Page 15



President Reagan

lapse of the whole social security system.

The system, which provides almost all American workers with old-age pensions, disability payments and health insurance benefits, would have run out of money by 1984 in the absence of new revenue or benefit cuts.

The President's attempt to secure cuts in social security in his first year in office was the only serious

vulture gathering, Page 15

Gold price comes close to \$500

By Jeremy Stone and John Edwards in London

BROADLY BASED speculative buying of gold in London yesterday pushed the bullion price close to \$500 an ounce. At the afternoon fixing in London, the price reached \$498.50, \$19 an ounce higher than last Friday's close.

Later in the afternoon, however, the price eased to close in London at \$494.50. There was quite a substantial volume of two-way trading but, said one dealer, "the nearer we got to \$500, the more the market tended to run out of steam".

Early trading in New York gave more evidence that an approach to the \$500 level might lead to profit taking, as the price tailed away during the morning.

At one stage the New York spot price had slipped to \$489.75.

The rise in gold was the main influence pushing copper prices on the London Metal Exchange yesterday to the highest level since August 1981.

The cost price for high grade copper gained £2.5 to £1,022.50 an ounce following further heavy speculative buying. Other base metals remain subdued by lack of demand and the firm trend of sterling against the dollar.

Platinum and silver also followed the upward trend in gold.

The spot price of silver rose by 25.55p to \$16.40p an ounce. The sterling quotation for free market platinum was lifted by \$4.75 to \$50.50 an ounce but the dollar price was \$10.25 up at \$478.25.

Although some dealers believe

there are still some short positions lurking in the gold market - reflecting speculation that the price would fall - the broad movement of trading recently

EUROPEAN NEWS

Gromyko warns Bonn on arms

BY JAMES BUCHAN IN BONN

MR ANDREI GROMYKO, the Soviet Foreign Minister, yesterday warned West Germany of serious consequences if it accepted the stationing of a new generation of U.S. intermediate-range missiles.

Speaking in Bonn at the close of his first day of formal talks with Chancellor Helmut Kohl's government, Mr Gromyko singled out West Germany as the planned site for new US Pershing-2 missiles.

However, in a speech that mingled threats and blandishments in equal measure, Mr Gromyko did underline Moscow's willingness to negotiate over its land-based missiles, which Nato believes now number over 600.

In December 1979, Nato resolved to install 572 intermediate-range missiles from this autumn unless the U.S. and the Soviet Union reached agreement.

He confirmed the offer of Mr Yuri Andropov, the Soviet Communist Party general secretary, to deploy only the same number of missiles as the French and British nuclear systems, which the Soviet Union now holds to be 162. He said the remainder would be moved "to Siberia where they cannot reach targets in Western Europe" and that these would include "our most modern missiles."

This confirms what had already been hinted: that the Soviet Union

The Soviet Union claims that the Pershing 2 can reach Soviet territory in six minutes' flying time. The Nato claim is 14 minutes.

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This confirms what had already been hinted: that the Soviet Union

will remove some of its forces of SS-20 missiles, numbering at least 333 and with three independently targetable warheads. However, Mr Gromyko made no mention of dismantling these systems, as had been hinted to Herr Hans-Joachim Vogel, the Social Democrat candidate in West Germany's March elections, in Moscow last week.

Mr Gromyko, however, sharply rejected President Reagan's "zero option" as a unilateral disarmament by the Soviet Union. "The zero option" envisages complete dismantling of the Soviet land-based intermediate-range missile force in return for no deployment of cruise and Pershing.

Davignon sees German steel 'wise men'

BY GILES MERRITT IN BRUSSELS

KEY TALKS ON the streamlining of the West German steel industry were held in Brussels yesterday between Viscount Etienne Davignon, the EEC Industry Commissioner, and the "three wise men" recently appointed by Bonn to shape the restructuring of the sector.

The discussion is believed to have centred on the overall capacity cutbacks that the European Commission is seeking as a condition for permitting the DM 15bn (\$6.3bn) worth of financial aids for steel re-

structuring from Bonn by West Germany's three leading steelmakers.

The triumvirate of "steel moderators" appointed by Count Otto von Lambrecht, the West German Economics Minister, to negotiate steel cutbacks and modernisation measures is understood to have reviewed, with M Davignon, the restructuring targets for 1985 recently submitted to Brussels by the German steel industry.

M Davignon has made it increasingly plain that projected overca-

pacity throughout the EEC steel sector is so serious that a 20 per cent reduction in the gap between the "green pound" and sterling, which would mean a corresponding drop in any eventual rise in the UK's farm prices for the coming marketing years.

In the European Commission's proposals, Britain was being asked for a 2.3 per cent reduction in the gap between the "green pound" and sterling, which

would have meant a corresponding drop in any eventual rise in the UK's farm prices for the coming marketing years.

The recent dramatic fall in sterling, however, has effectively removed the possibility of a "green pound" revaluation, leaving Britain to deal with the overall level of farm-price rises without having to defend its farmers on the monetary front while accepting a situation that would tend to keep shop prices even higher.

Britain, which had earlier rejected out-right any revaluation, made clear yesterday that it was satisfied with the situation in relation to farm prices, provided there were no further dramatic changes in sterling.

Nevertheless, the EEC agricultural system will play a major part in this year's price-fixing.

When "green" currencies are out of line with their national counterparts, the EEC agricultural system acts as a tax on imports and a subsidy for exports, or the reverse, depending on the balance between the two.

In Britain's case, the complex system of frontier taxes and levies called monetary compensatory amounts have for the past two years meant that its farmers have enjoyed hefty export subsidies while UK shop prices have tended to remain higher.

Turkish plan to exploit position with free ports

BY METIN MUNIR IN ISTANBUL

TURKEY has decided to establish three free ports and zones in the hope of exploiting its proximity to the Middle East and its associate membership of the European Community.

The foreign capital department of the state planning organisation is working on a decree to be submitted to the Government at the end of the month, an official said. The decree, establishing the free ports, is scheduled to be published in the first quarter of this year.

The zones will be in Yumurtalik, in the south-east, near the port of Mersin and to Syria; Antalya near the Mediterranean; and Aliağa near the Aegean port of Izmir, the official said.

"We are hoping to attract companies from the Far East which seek

access to the Common Market and Common Market companies selling to the Middle East," said the official.

The largest zone will be the one in Yumurtalik - also the terminal of the Iraq-Turkey pipeline near Mersin, which has become a booming port as a consequence of the Iran-Iraq war.

Officials hope that Yumurtalik might become a storage point for companies serving the warring neighbours. One country which might be attracted to Izmir is the Soviet Union, which asked the Turkish Government several years ago for space to store containers.

Discussions on taxation are under way with the Finance Ministry.

One thesis was to grant complete exemption from income tax and re-

lease the 40 per cent corporate tax by half. Another was to do away with both and levy tax according to turnover.

A similar development is being planned for the self-proclaimed Turkish Federated State of Cyprus, which is taking steps to enhance the competitiveness of its free port and zone in Famagusta, the island's eastern port.

A new bill, expected to become law this year, will exempt firms in the zone from income and corporate taxes for eight years. The former ranges between 20 and 65 per cent and the latter is 48 per cent. Companies in the zone will also benefit from exemption from all other taxes.

The Famagusta free port and zone was established four years ago and there are nine companies operating there. They include UniPac, an affiliate of the London-based Nadir group, which manufactures cardboard boxes used in the export of the island's agricultural produce.

Nadir controls Poly Peck, whose shares shot up in value last year as a result of the group's Cyprus-based operations. Also operating in the zone are Sezai Turkes-Feyzi Akkaya, Turkey's largest overseas contracting group, and Intrapak, a Swiss concern dealing in bulk operations and packing.

Mr Ismet Kotak, the Turkish Cypriot Industry Minister, said that

more than \$1m would be spent this year to complete the second phase

of infrastructure projects in the zone.

'Green £' at parity with sterling

By Larry Klinger in Brussels

BRITAIN'S "green pound," its European Community agricultural currency, was brought into line with sterling yesterday, removing for the first time in two years the EEC tax on food imports into the UK.

While good news for the British consumer, the corresponding effect for UK farmers is to erase their long standing EEC subsidy on exports. This could affect Britain's strategy in the series of talks which opened yesterday to fix this year's increase in guaranteed prices for the Community's 9m farmers.

In the European Commission's proposals, Britain was being asked for a 2.3 per cent reduction in the gap between the "green pound" and sterling, which would have meant a corresponding drop in any eventual rise in the UK's farm prices for the coming marketing years.

The recent dramatic fall in sterling, however, has effectively removed the possibility of a "green pound" revaluation, leaving Britain to deal with the overall level of farm-price rises without having to defend its farmers on the monetary front while accepting a situation that would tend to keep shop prices even higher.

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French Right attacks debt level as local poll campaign starts

BY DAVID HOUSEGO IN PARIS

FRANCE's centre and right wing opposition have launched their campaign for the municipal elections in early March with a predictable stinging attack on Socialist management of the economy.

Former President Giscard d'Estaing accused the Government in a radio broadcast on Sunday night of being the largest overseas borrower in the world in 1982. He said that if France continued at such a pace it would be the world's most indebted nation in a couple of years.

The ex-president, who has fully emerged from the political purdah that he imposed on himself after his defeat in 1981, has calculated that interest payment on the debt would cost every Frenchman FF 4,000 (\$300) this year and FF 4,000 by 1986.

He used as his base the widely quoted figure that the total of French public sector and bank borrowing overseas last year reached a record \$25bn.

M Raymond Barre, the former Prime Minister, took up the same theme last week. He said on television

that the level of foreign indebtedness threatened France's independence and limited its room for manoeuvre. As President Mitterrand is known to share similar fears - even though he would think such figures exaggerated - it is an effective line of attack.

The opposition hopes to transform the local elections into a national test of the Government's standing and to inflict a defeat that will force a major policy change.

M Giscard d'Estaing and M Jacques Chirac, the mayor of Paris and the most popular opposition figure, have gone further than this in claiming that a massive rejection at the polls would force the Government to bring forward the legislative elections.

There is no constitutional precedent for this - and clearly President Mitterrand has no intention of bowing to calls for early legislative election. But the Government would find its job more difficult if it received a setback in March.

The Left starts from the disadvantage that the Government's popu-

Renault strikers throw out settlement proposals

BY DAVID WHITE IN PARIS

HOPES OF a solution to disputes at Renault's two biggest plants evaporated yesterday when striking paintshop workers at Flins, west of Paris, voted overwhelmingly to reject settlement proposals.

Production of more than 13,000 vehicles R5, R11 and R4 models - has already been lost.

The company said it was "surprised" by yesterday's vote, which produced a majority of 165 to 2 against a return to work.

Meanwhile, at the Talbot car plant at Poissy, near Paris, unions have reacted angrily to the announcement of lay-offs for five days in January and February. Like Flins, the Poissy plant was a flashpoint for damaging motor industry strikes last spring.

Similar measures are now threatened at the group's Boulogne-Billancourt factory on the outskirts of Paris, which employs 18,000. A dispute in the paintshop there has hampered production since last Tuesday. The management has called a meeting at the plant today to discuss the situation, with the outlook worsened by settlement proposals.

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Japan-EC Symposium

Towards Further Development
of Japan-EC Economic Relations
—Prospects of Industrial Cooperation —

Date : 20-21 January 1983
Venue : Hilton Hotel, Brussels
Sponsored by : The Japanese Government-Ministry of International Trade and Industry (MITI)
The Commission of the European Communities
The Japan-EC Symposium Committee
With the Cooperation of: The Financial Times

Issues to be discussed:

- Economic policy in Japan and in the European Community and the World Economy
- Japanese Investments in Europe and European Investments in Japan
- Exchange of Technologies
- Research and Development: Role of public and private sectors for Japan-EC Cooperation

Speakers and Panelists taking part:

Viscount E. Davignon Vice-President, EC Commission	Mr. S. Yamana Minister, MITI	Mr. L. Poullain Advisor to Grundig GmbH
Mr. H. Suguri Chairman, Honda Motor Co.	Mr. U. Colombo President, Ente Nazionale Idrocarburi	Mr. M. Misu Advisor to the Board Hitachi, Ltd.
Mr. R. Stahl Member, Executive Board of Management, Robert Bosch GmbH	Mr. Y. Ohnaga Vice-President, New Energy Development Organization	Mr. Carlo De Benedetti Vice-Chairman and Chief Executive Officer, Olivetti and Co.
Mr. T.D. Ross Director and Group Public Affairs Coordinator, Shell Int'l Petroleum Co.	Mr. A. Ohuchi Vice-President, Nippon Electric Company	Mr. P. Aigrain Scientific Advisor to the President of Thomson Group
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EUROPEAN NEWS

IEA reiterates fears of new fuel crisis

BY RAY DAFTER, ENERGY EDITOR

THE International Energy Agency continues to be worried about the possibility of a new fuel crisis occurring within the next decade.

The agency's economists have looked again at its projections of energy supply and demand and concluded that its previous warnings still hold good.

Four months ago it produced an energy study showing that the "desperate" state of the oil market masked underlying trends which could result in further crises. Since then, the oil market has become even weaker and the energy industry's forecasts of future fuel demand have been lowered even further.

IEA economists point out that while problems arising from a tight energy market may have been pushed back a year or two—perhaps into the early

1990s—they have not disappeared. They stress that the impact of the continuing worldwide recession and lowered growth in developing countries has been largely offset by the widespread cancellation and deferral of large fuel production projects involving coal, heavy oil, synthetic fuels and offshore crude oil.

The agency, representing most of the world's industrialised countries, is concerned that it still does not know the impact of energy conservation measures. Consequently, staff are now working on a project on energy savings. They want to find out how much of the drop in demand has been caused by permanent structural changes in energy consumption patterns and how much has been recession-led and is thus temporary.

Romania to hold defence spending at 1982 level

BY DAVID BUCHAN

ROMANIA HAS announced that it will hold military spending over the next three years to its 1982 defence budget level of Lei 9.8bn (\$1.97bn), as an example for fellow Warsaw Pact members and Nato to follow.

This emerged from a weekend meeting of President Nicolae Ceausescu with Government and Communist Party leaders, which in effect produced a maverick "Romania's minority report" on the recent Warsaw Pact summit in Prague.

Romania's freeze on defence spending increases would amount to a real reduction, if inflation is taken into account, and it follows a cut from Lei 10.2bn in 1981.

Romanian officials say their country subscribed fully to the Prague summit communiqué, which detailed disarmament proposals by Mr Yuri Andropov, the Soviet leader, and called for a non-aggression pact between Europe's two military blocs. But they added that since Romania could not find agreement among fellow Warsaw Pact members on its particular concern about defence spending levels, the Bucharest Government has now made an additional proposal on this.



Mr Ceausescu . . . "minority report" on summit

This calls on Nato and the Warsaw Pact to work towards reducing military spending by 20 per cent by 1985 and, as a first step, to freeze defence budgets at their 1982 level. The Romanian statement claimed that Nato and Warsaw Pact military spending accounted for 80 per cent of the world total.

Walesa may take legal action to regain his job

BY CHRISTOPHER BOBINSKI IN WARSAW

MR LECH WALESZA, the leader of Solidarnosc, Poland's banned trade union, yesterday continued efforts to return to his old job at the Lenin Shipyard in Gdansk.

Last Friday, he was refused entry to the yard when he went back for his job and he later notified the management formally that he was ready to start work the following Monday.

Yesterday, Mr Walesa said that he would consider taking legal action against the yard if he was not taken back. He would wait for a week for an answer from the yard's management. He made no attempt to enter the yard but knew and

the authorities have already reported "irregularities" in the union's accounts.

Euro currency loans deposit dealing · bond trading

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	as per the end of the financial year (September 30)		
	1981/82	1980/81	1979/80
Balance sheet total	9,822	7,988	6,051
Claims from money market transactions with banks	1,688	1,248	1,027
Loans and advances to customers	5,162	4,071	3,093
Credit volume	7,694	5,994	4,563
Liabilities to banks	7,943	6,294	4,990
Capital and reserves	161	147	126

Deutsche Bank
Compagnie Financière Luxembourg



Many Moscow lorry drivers drunk at wheel, says Pravda letter

BY ANTHONY ROBINSON IN MOSCOW

MANY OF the lorry drivers operating in Moscow are drunk behind the wheel for much of the day, a group of senior drivers said yesterday in a letter published in Pravda, the Communist Party daily newspaper.

In his inaugural speech to the central committee last November, Mr Yuri Andropov, the new Soviet leader, confessed that he had no simple ready solutions to the country's pressing economic problems and urged those who did to come forward with letters to the news-

papers and party organs to reveal shortcomings and suggest solutions.

Since then, hardly a day has passed without the Soviet version of the "Yours truly, deeply concerned, Dismal prospect" type of letters flooding into newspaper offices and receiving prominent display.

This latest, from the lorry drivers, urges the workers and managers of state fleets to take a tougher line against drivers who turn up drunk, waste their

time pottering around the garage looking for non-existent spare parts, or roar out of the garage with a full tank and spend their day moonlighting, taking their wives and girlfriends shopping or merely snoozing in the cab in a quiet side-street.

What the letter did not mention was the need for a more effective management system which would reduce empty return journeys or for the manufacture of more small delivery vans which would limit

the need to send a five-ton lorry to deliver a box of groceries.

A lengthy accompanying article on rural roads, or rather on the absence of rural roads and the need to build more of them quickly and cheaply, further underlined the point that Soviet transport problems are not entirely the fault of lazy or drunken drivers.

Sixty years after the foundation of the Soviet state, vast areas of the country are still served by the same rutted,

muddy and unpaved tracks that were no problem for Genghis Khan and his horsemen but bogged down both Napoleon and Hitler. Today, they ensure that a significant proportion of Soviet agricultural produce never leaves the fields and that as much grain falls off the side of a lorry as is imported from abroad.

Given the shortage of building materials, asphalt and labour, said Pravda, it was up to local administrative authorities and collective farmers themselves to think up new ways of making cheap, locally-available materials to do the job.

the average life of a Soviet tractor is less than five years.

Pravda pointed out that more than 600,000 km of paved roads are required to end the isolation of rural communities in the Russian Federation alone, the largest of the 15 Soviet republics.

Given the shortage of building materials, asphalt and labour, said Pravda, it was up to local administrative authorities and collective farmers themselves to think up new ways of making cheap, locally-available materials to do the job.

James Buxton in Rome interviews Italy's controversial new Treasury Minister

Fanfani's youngest man tackles the economy

James Buxton in Rome interviews Italy's controversial new Treasury Minister

WHEN Sig Amintore Fanfani, Italy's 74-year-old Prime Minister, was forming his cabinet at the beginning of last month, the key appointment was obviously that of the Treasury Minister, in charge of economic management. After all, the new Government's raison d'être is to deal with the most difficult economic situation Italy has faced for years, and the previous incumbent, Sig Nino Andreatta, was not to be re-appointed.

However, East Germany will no longer be able to reach the planned 5.1 to 5.4 per cent rate of annual economic growth for the current five-year plan ending in 1985. It will be regarded as a success if the economy repeats growth of 3 per cent this year.

Last year's fall in the growth of national income (roughly GNP less services), which had risen by 5 per cent in 1981, was the result of a stringent policy of forcing exports to the West to new heights while slashing imports by 22.6 per cent, not including trade with West Germany.

The East German statistical office said the country last year achieved a surplus in its trade with Western countries which went toward reducing East Germany's debt to the West.

West German experts on the East German economy say the reduction in debt to the West—\$900m to \$8.5bn—plus short-term supplier credits in mid-1982 was the desired outcome of the radical reduction in imports. However, it deprived the economy of essential imports, such as fodder, which took their toll in reduced production.

Industrial production rose by 3.2 per cent last year which, one West German expert said, appeared "rather high" in light of the inhibiting factors. The target for last year was a 4.6 per cent rise. Labour productivity increased by 3.6 per cent, compared with a goal of 4.5 per cent. The net monetary income of the population rose by 3 per cent instead of the 4 per cent planned and average monthly industrial wages rose to DM 1,675 (2290).

The increase in retail trade turnover, another indicator of the standard of living, was less than 1 per cent against the planned growth of 4 per cent. This reflected the sharp deterioration in supply of food and consumer goods for most of last year.

The statistical office noted that 40 per cent of all East German households now have cars, while 90 per cent have refrigerators, 92 per cent television sets, and 88 per cent washing machines.

The Government needed—and promised—to rein back urgently Italy's public deficit, which at the year closed at a record L71,000bn (533.3bn) against a targeted 15,000bn, and which threatened, if unchecked, to go up to L112,000bn this year—17 per cent of gross domestic product and the motor of Italy's 10 per cent rate of inflation.

Transport

Early this month, the Government announced the last of a series of decrees which ought to reduce the deficit by L15,000bn, mainly by raising taxes and charges for the state-provided services such as public transport, as well as cutting health and social security spending.

These come on top of decrees introduced by the former government of Sig Giovanni Spadolini last July and those included in the finance bill, stranded in parliament until this week.

If everything were to go through parliament intact, which is almost inconceivable, then this year's deficit is calculated by the Treasury to come

out at the same level as last year—L71,000bn—which would be a significant drop in real terms.

Meanwhile, the Treasury is so short of cash that it has had to request parliamentary permission for a one-year loan at a nominal interest rate from the Bank of Italy, because it has exceeded its borrowing limits there. This is widely seen as a way of getting round the fact that since mid-1981 the Bank of Italy has no longer been under obligation to buy treasury bills which the Government cannot afford to the public.

But if all this daunts Sig Fanfani, it does not show. He remains calm, hard-working and pragmatic. To those qualities he adds his dramatic rise to prominence, as well as to a conveniences number of events in the leadership of his Christian Democrat Party.

Sig Fanfani qualified as a junior accountant and served in Rome as a deputy from 1976, where he devoted himself to studying the chaotic system of government finance—an essential preparation for his current post. He was a junior economic minister for a time and then led the economic team of Sig Ciriaco De Mita, who became

Christian Democrat leader last May and has been identified with a call for much greater toughness in the management of the economy.

Yet some of the harshest opposition criticisms of the new Government's measures are that they are not tough enough. Sig Fanfani disagrees. "If you look at the sort of things we are doing you can see that this is the most important manoeuvre of its kind since the war. One can argue endlessly about the estimates of the figures but we have to go on the figures we've got."

Pensions

* Equity and loan capital.

* Venture capital.

* E.C.S.C. low interest loans.

* Building grants.

* Tax allowances against construction costs.

*

Financial aid for modernisation.

*

Grants for plant and machinery.

* Tax allowances on new production equipment.

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Recruitment assistance.

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Advance factories.

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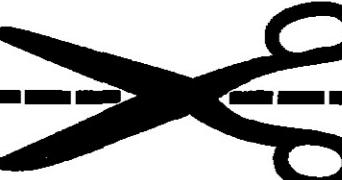
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AMERICAN NEWS



Angel Gurria: "could sell ice to Eskimos"

Credit chief tries to sell Mexico's new image

By William Chislett in Mexico City

SR ANGEL GURRIA, the new Mexican Government's Director General of Public Sector Credit, is one of the world's eternal optimists—and it is just as well, since he is sitting on top of the country's debt volcano, whose eruptions have shaken the international financial system to its very foundations.

Sr Gurria's cheerful bearded face is probably the best known abroad of any Mexican official. An immensely capable and engaging character, he travelled for six months last year drumming up new loans in the U.S., Europe and the Far East, and then soothed the frayed nerves of bankers when Mexico declared last August that it would default unless its \$60bn (£38bn) public sector external debt was rescheduled.

Unlike many other government officials closely identified with the populist policies of the former government of Sr Jose Lopez Portillo, Sr Gurria has kept his job in the new government of President Miguel de la Madrid, which took over last December.

Indeed, Sr Gurria, aged 32, has been promoted. His new post is as far as his job of external credit. Sr de la Madrid held a similar job 10 years ago and the post has become a laughing pad for higher things.

This year, Sr Gurria will not be travelling so much. Mexico has already raised its 1983 net foreign borrowing requirement of \$5bn through an international commercial credit to complement its International Monetary Fund (IMF) loan of \$3.5bn and thus stave off economic collapse.

One of his main tasks now, Sr Gurria said in an interview, is to "go out and for the first time tell the world how we are doing without asking banks for money" immediately afterwards.

He is an exuberant salesman and therefore an ideal person to help rebuild shattered international confidence in Mexico, the world's fourth largest oil producer.

"Any oil could sell an Eskimo ice," said a European banker who, attracted by Mexico's oil reserves and high economic growth, used to queue along with colleagues outside Sr Gurria's office to offer the lowest interest rates. The banker now wishes he had not loaned so much to Mexico.

Sr Gurria may well have picked up his selling expertise when he was in charge of marketing coffee exports in Europe for the Government from 1976 to 1978.

The largest section of "tombstones," public notices of loans, in Sr Gurria's office went telememo to his past successes. And the mournfully empty corridor outside epitomises the present sorry state of affairs, with fewer bankers than ever willing to lend to Mexico.

Sr Gurria is convinced that after two years from now, during which time Mexico will go through an entire period and stay out of the capital markets apart from a "very small" borrowing requirement in 1984, bankers will once again see the country as "very attractive."

And what happens if the world oil price drops as it has been forecast? Has Mexico made any contingency plans?

If prices dropped again, "it would put a lot of pressure on things," Sr Gurria admitted.

He points out that even a \$1 drop in the price of oil lost Mexico \$550m a year based on exports of 1.5m barrels a day. But every 1 per cent decline in interest rates saved Mexico about \$700m annually.

Interest payments, he said, are estimated at \$12bn this year, but they could be less because Mexico has deliberately overestimated the effective cost of its debts. Mexico's economic projections take the effective cost of interest as 13 per cent to 14 per cent, when the present cost (London Inter-Bank Offered Rate or U.S. prime rate plus margins) is less.

Mexico, he conceded, might have to renegotiate some of the IMF loan conditions if there was a sharp fall in oil prices.

Mexico's major target for this year is to reduce its public sector budget deficit from its 1982 figure of 16.5 per cent of gross domestic product to 5.5 per cent.

Sr Gurria draws some harsh lessons from Mexico's experience. "It is crucial to maintain a realistic exchange rate at all times and it is crucial to maintain your current account deficit within reasonable bounds, which are financed without straining the economy too much."

Japanese set to boost Brazilian loans package

BY PETER MONTAGNON IN LONDON

BRAZIL'S prospects of raising \$4.4bn in new loan commitments from the international banking community this year have begun to improve after signs that Japanese banks have overcome their initial reluctance to participate in the facility.

Bankers in New York said yesterday that a first batch of positive replies has been received from Japanese banks who have been asked to provide \$150m and are to meet to discuss their contribution today.

From then on, it will be a question for the coordinating banks of contacting individual institutions among the 121 banks originally asked for the new money who have not yet replied.

The relatively small number of banks involved should make it easier to pick up the stragglers than in the case of Mexico, which asked for \$3bn from some 1,400 bank creditors.

At the end of last week positive replies had been received in respect of \$4.7bn but it was clearly uphill work persuading the stragglers, some of whom are very small institutions, to come into line.

Salvador army in major push against rebel towns

SAN MIGUEL, El Salvador—About 3,000 troops led by U.S.-trained commandos gathered in San Miguel in eastern El Salvador yesterday, to prepare for a major push against leftist rebels in the northern province of Morazan.

The planned attack is believed to be the biggest anti-guerrilla sweep the Salvadoran army has launched in that province, long a rebel stronghold near the Honduran border, since the start of the civil war three years ago.

A Salvadoran army officer, who asked not to be identified for security reasons, said that troops, led by three U.S.-trained battalions, began the drive yesterday against rebels who control at least 13 towns surrounding San Francisco Gotera, the provincial capital, 160km north-east of San Salvador.

The troops are using San Miguel, 13km east of the capital and 25km from San Francisco Gotera, as a staging area.

This is the first army drive since the start of the new year. A recent guerrilla offensive that started on January 8 in northern parts of the country has so far met little resistance.

Joaquin Villalobos, one of the five top guerrilla commanders, announced on Sunday on the guerrillas' Radio Venceremos that his forces had attacked and scattered a 500-man army post at Meanguera, a town 8km north of San Francisco Gotera.

Editorial comment, Page 14

Bank of America challenged

THE SECURITIES Industry Association (SIA) yesterday confirmed that it will challenge in the courts Bank of America's \$35m acquisition of Charles Schwab, the largest discount securities broker in the U.S.

The SIA which had been expected to attempt to block the acquisition approved by the Federal Reserve Board earlier this week, said

it will appeal against the decision shortly.

The Fed's decision highlighted the growing trend towards deregulation in the U.S. banking and financial services industries and was based upon its reading of the Bank Holding Company Act which allows banks to undertake activities which are "closely related to banking."

Two influential Republican senators, Mr Pete Domenici, chairman of the budget committee, and Mr Robert Dole, chairman of the Finance Committee, both said that Mr Reagan should dig deeper into military spending

itself to meet the \$35.2bn he has so far proposed.

According to oil industry reports, Shell has refused the \$2.50 a barrel discount and is asking for a \$4 cut. This would clip Oman's price to \$30 a barrel and bring it more in line with Iranian prices.

Oman's oil is of the same quality. Iran is currently selling its crude in the spot market at \$29.50 or less.

In addition to imposing salary cuts, U.S. Steel is offering early retirement plans to senior employees and scrapping annual bonuses averaging \$500 per employee.

The timing of the salary cuts is also seen as a further attempt to put pressure on the United Steelworkers Union to agree to wage and benefit concessions.

Two earlier attempts to win concessions from the USW on a national scale have failed, and as the August 1 deadline for renegotiating the union's three-year contract draws closer, fears of a strike have mounted. The contract covers 286,000 steelworkers.

union employees. The company has a workforce of 142,000.

Mr David Roderick, U.S. Steel's chairman, said in a letter to employees: "The deep recession in our national economy continues without let-up and there are still no reliable indications of a recovery."

"The steel industry remains in full and painful depression."

Fourth-quarter operating losses, while not yet consolidated, appear to be as forecast for the previous year.

The salary cuts are the second in seven months for the company's 18,000 management employees. In July, the company cut managers' wages by 5 per cent as well as freezing benefits and living payments for all its non-

union employees. The company has a workforce of 142,000.

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WORLD TRADE NEWS

Airbus Industrie to raise output

AIRBUS INDUSTRIE, the European airliner manufacturing consortium, is pushing ahead with plans to increase production, despite the recession which has restricted new orders. Michael Donne writes from London.

Production, which began 1982 at a rate of 4.5 aircraft a month, was raised to five a month by end-1982, and will be increased further to almost six aircraft a month by the end of this year.

Total orders for the Airbus stand at 350 aircraft (248 A-300s and 102

of the smaller A-310s), of which 204 A-300s are in service. Deliveries of the first A-310s start this spring.

To meet existing orders, repeat orders and requests from new customers, material for Airbus production into 1985 is being bought, and buying has begun for 1986 production, covering aircraft Nos. 500 to 550.

Work has also begun at the Airbus production centre at Toulouse on the latest version of the A-300, the Series 600 model. This is a medium to long-range version, seating

up to 205 passengers. First flight is set for July.

Airbus is also planning another new model, the Series 300 long-range version of the A-300, which seats 218 passengers and has a range of about 4,000 nautical miles. The aim is to make this aircraft available from 1985.

Airbus Industrie is still strongly interested in a 150-seater aircraft, the A-320, but is now talking of it entering service in 1988, instead of 1986 as originally proposed.

Airbus appears, at least for the

time being, to have abandoned ideas of using a joint Rolls-Royce/Japanes-U.S. Pratt & Whitney power plant (which has not yet been defined).

It is now talking of using the French/U.S. Snecma-General Electric CFM-56 Dash 4. It says a "firm proposal on this has been received from CFM International, the engine's makers."

Airbus Industrie says that talks are continuing with the aviation industries of several countries on pos-

sible participation on the A-320, including de Havilland of Canada, Fokker of Holland and Avialta of Italy, in addition to the existing British, French, West German and Spanish Airbus partners.

Mr Bernard Lathière, Airbus Indus-

trie's president, says that if the consortium's existing partners retained their present shares in the venture, and the new partners obtained the shares they sought, the A-320 project would be "oversubscribed" by 35 to 40 per cent.

Japanese ship export orders fall 44%

By Andrew Fisher in London

NEW EXPORT orders at Japanese shipyards fell by 44 per cent over the past nine months as the lengthy shipping crisis continued to have a severe impact on the world shipping industry.

The total for the April-December period, the first nine months of the fiscal year, was down to 2.1m gross tons from 3.1m tons.

At the end of December, Japan's shipbuilding export order book totalled 7.1m tons worth Y1.226bn (\$7.1bn), against 8.8m tons worth Y1.824bn the year before.

The month of December alone produced a mere seven export ship orders totalling 133,500 tons well down on the 19 ships of 185,500 tons ordered in the same month of 1982.

Officials from Japan and South Korea, the world's largest shipbuilding countries, meet in Tokyo next month to discuss the crisis in the industry.

Philippines suspends industrial projects

By Emilia Tagana in Manila

TWO OF THE Philippines' ambitious industrial projects—a \$400m aluminium smelter and a \$300m petrochemical complex—have been suspended after two years of negotiations with foreign partners and suppliers.

In his annual State of the Nation address yesterday, President Ferdinand Marcos said that the two projects will be pursued once they attract both the necessary equity investment and long-term financing.

The Philippines, which is awaiting final approval of \$510m in concessional loan facilities from the IMF is under pressure to reduce spending drastically.

The IMF has recommended that for 1983, the Government's budget deficit be pruned to Pesos 8.8bn (US\$2m) from the Pesos 12bn (US\$3.5m) average during the past three years.

The National Development Corporation (NDC), the investment arm of the Ministry of Trade and Industry, has been negotiating with Reynolds International of the U.S. to build the aluminium smelter and to be an equity partner in the project. There have been disagreements over Reynolds' demand for 40 per cent power to be shared by the project.

Mr Marcos said that since the smelter is energy-intensive, its implementation might have to wait for certain power projects—particularly geothermal and coal-powered plants—to come on-stream.

Meanwhile, the petrochemical complex was originally designed to consist of a naphtha cracker plant and four downstream projects. In 1978, the Government awarded two polypropylene plant to USI Far East of Taiwan, and a similar plant to Hercules of the U.S. The contracts have been cancelled as no progress was being made on the support projects.

The suspension means that just two of the Government's 11-project programme to boost the country's industrialised infrastructure are in a state of advanced development.

Those are a \$65m copper smelter and a \$400m phosphatic fertilizer plant. The copper plant is set to start later this year, and has had substantial share-holding by a Japanese consortium composed of Mitsubishi, Sumitomo and C. Itoh.

The other projects are all still technically active but have been pursued sporadically depending on the availability of foreign equity and long-term financing.

Mr Jenkins appeared particularly optimistic about the chances of British companies winning a share of a proposed nuclear power station project in Guangdong province, South China.

GEC and Balfour Beatty of the UK are regarded as front runners among overseas concerns that have expressed an interest in participating in the Guangdong project.

He estimated that if GEC won the contract to supply power generating equipment it would be worth \$500m to the British company. Balfour Beatty, which is in line to supply transmission equipment, may secure an agreement worth about \$100m.

The British Minister could give no indication when agreements would be reached between the parties but he hinted at the possible signing of a declaration of intent by the principals, notably Guangdong province and China Light and Power.

Mr Jenkins said that complex negotiations would be required before final agreement was reached. It is estimated that the Guangdong nuclear power station will cost between \$300m and \$600m to construct.

Other points made by Mr Jenkins at a Press conference in Peking were:

- Chinese officials had expressed interest in British capabilities in energy, coal and offshore oil;

- China is anxious to draw on British skills gained in the North Sea in the development of its offshore oil deposits;

- There were good prospects for British companies interested in selling coal mining equipment to China;

- China hoped that British companies will participate in the development of a rich coal deposit in south-west China.

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Co-operative Bank	11 %	The Cyprus Popular	11 %
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E. T. Trust	11 %	1-year deposit £8,000/12-	
Exeter Trust Ltd.	11 %	months 10.8%	
Fair Nat. Inv. Corp.	11 %	1-year deposit on sums of under	
Fair Nat. Inv. Secs. Ltd.	11 %	£10,000 8%, £10,000 up to £50,000 9%	
Robert Franks	11 %	1-year deposit £100 and over 8%	
Grindlays Bank	11 %	21-day deposit £100 and over 8%	
Gulf Gtcs Trust Ltd.	11 %	Demand deposit 8%.	
Mortgage base rate			

European consortium may bring in new partners for development projects

Nowadays you have to minimise your costs just to survive.

Moving it costs money. Leaving it there costs money.

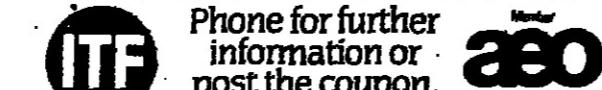
So, with an estimated 63% of the cost of a manufactured product spent on movement and storage, it's time you took a close look at the latest advances in products, and methods and the new technology which could dramatically reduce your costs.

The International Materials Handling Exhibition 1983 held in conjunction with Factory '83, will provide you with a whole host of opportunities. Over 450 exhibitors will take up the whole of London's premier exhibition venue - Earls Court. Plus an International Conference on Automated Materials Handling and Seminars and Workshops on Distribution costs.



OPENING TIMES:
19th - 25th April - 0930 to 1730,
26th April - 0930 to 1600,
(Factory '83 from 19th - 23rd April).

Tel: 021-705 6707.
Phone for further information or post the coupon.



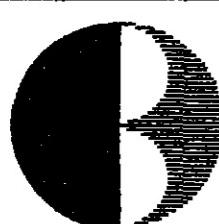
Please send me details on
 Exhibiting at IMHE '83
 Visiting IMHE '83
 Exhibiting at Factory '83
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Name _____

Company _____

Address _____

Post to: Industrial and Trade Fairs Limited,
Radcliffe House, Blenheim Court, Solihull,
West Midlands B91 2BG.



Rand Mines Limited

A Member of the Barlow Rand Group

Gold Mining and Colliery Company Reports for the Quarter ended 31st December, 1982

(All Companies incorporated in the Republic of South Africa)

Office of the Secretaries of the undermentioned companies in the United Kingdom: 40, Holborn Viaduct, London EC1P 1AJ

DURBAN ROODEPOORT DEEP, LIMITED

Operating Results

Quarter ended	Owner	Quarter	6 Months
31st December	30.9.1982	31.12.1982	31.12.1982
Ore milled (t)	2,086,000	10,978,000	31,621,000
Gold produced (g)	2,086,000	10,978,000	31,621,000
Yield (t/t milled)	46.47	46.47	46.47
Cost/t milled	47.56	47.56	47.56
Profit/t milled	12.05	12.05	12.05
Revenue (Rands)	28,459	147,249	72,100
Cost (Rands)	28,459	147,249	72,100
Profit (Rands)	12	12	12
Gold received (t)	442	387	210
GENERAL RESULTS			
Working Profit	R1 339	R2 245	R1 339
Working Profit	R1 202	R1 411	R1 202
Working Profit	R6 756	R6 717	R6 756
Taxation	R6 756	R6 717	R6 756
Profit before taxation	R6 756	R6 717	R6 756
Capital expenditure	R6 751	R6 751	R6 751
Capital expenditure			
There are commitments for capital expenditure amounting to R2 547 000.			
For and on behalf of the Board,			
H. G. MOSENTHAL Directors			

10th January, 1983.

Philippines
suspends
industrial
projects

Hebrideans

Semaphore

DING RATES

TESTED AND APPROVED.

British Standards Institution was offered Regional Development Grants and the like to move its Commercial and Information departments to other places.

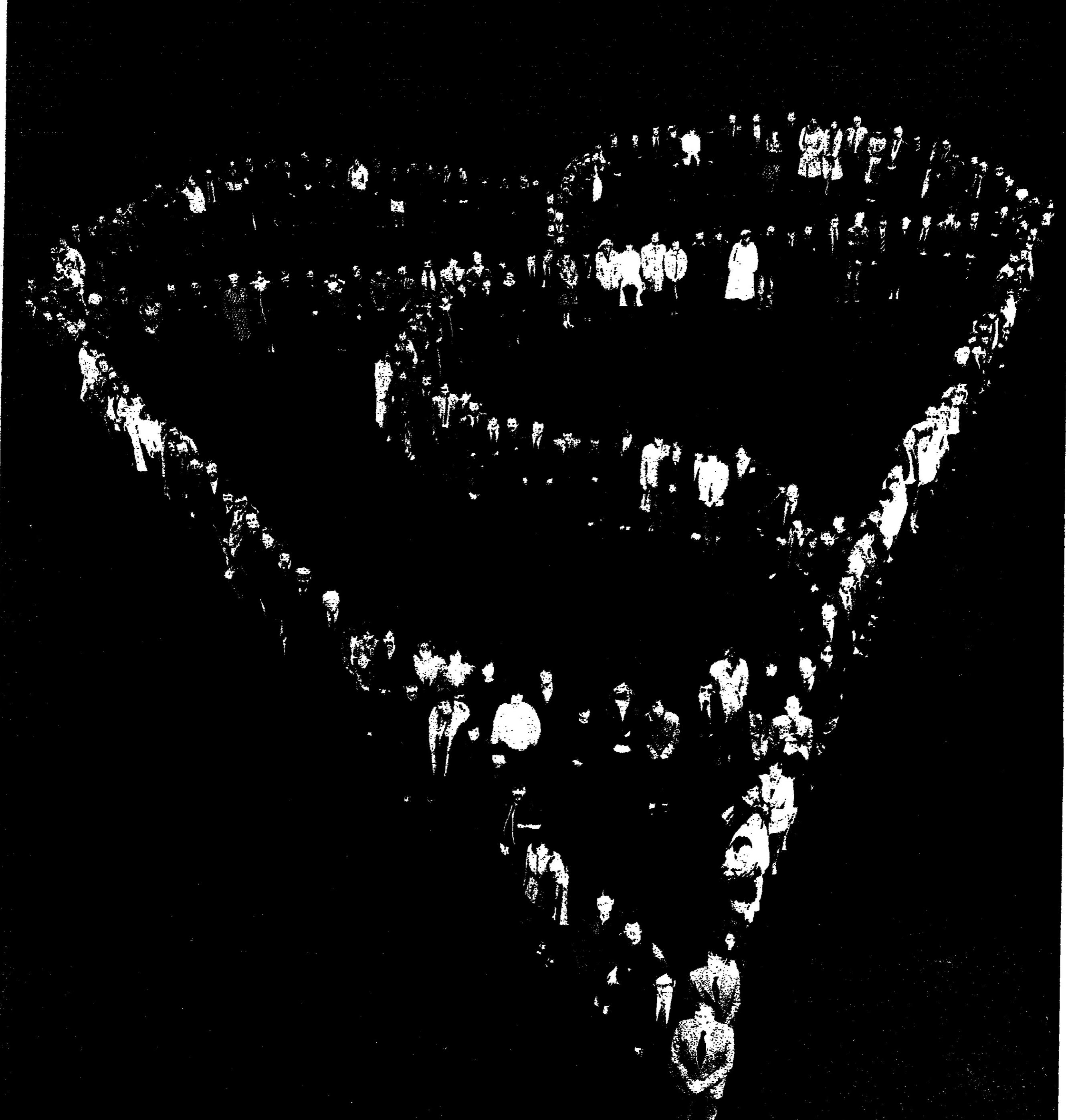
We offered them a lot of help and advice, as well as all the space they're ever likely to need at a location just

off the M1, with an Inter-City station on the main Euston to Birmingham rail route.

BSI decided that nowhere else conformed to our standards.

Milton Keynes.

For details of offices at Central Milton Keynes contact: The Commercial Director, Milton Keynes Development Corporation, Wavendon Tower, Milton Keynes, MK17 8LX. Telephone: Milton Keynes (0908) 74000.



UK NEWS

Lloyd's to hear Posgate plea on suspension

BY JOHN MOORE

THE RULING council of Lloyd's of London, the insurance market, moved yesterday to suspend Mr Ian Posgate, the former underwriter of the largest Lloyd's insurance syndicate. But before a formal decision is made by the council on his suspension Mr Posgate is to be allowed to argue his case before a Lloyd's sub-committee.

In a statement last night, Lloyd's said its council yesterday studied memorandum "of allegations" together with supporting documents against the conduct of Ian Posgate as an underwriter and member of Lloyd's. The council heard at length Mr Posgate's rebuttal of the allegations.

It decided "by the unanimous vote of those present," apart from Mr Posgate, who is a member of Lloyd's ruling council, "that the allegations were such as to require consideration of the exercise of its powers under the administrative suspension by-laws."

Lloyd's added: "Before a formal decision as to suspension is made, Mr Posgate is entitled to further representation as he may wish. If he so desires, any oral representation will be heard by a sub-committee appointed by the council."

Lloyd's is moving with extreme caution against Mr Posgate, who in his last full year of underwriting at Lloyd's earned £361,200, estimated to be the largest remuneration in the City of London.

Last week, the High Court ruled in Mr Posgate's favour that Lloyd's

"acted outside its powers" in suspending him last September.

Then, the suspension decision was taken by the committee of Lloyd's, the ultimate ruling body of the market until the beginning of this year.

But legislation promoted by Lloyd's, which has just come into force, has created a Lloyd's ruling council, made up of the 18 members of the committee of Lloyd's, including Mr Posgate, who sits on the Lloyd's committee, eight external members of Lloyd's, and three outsiders, with no connection with the Lloyd's market. That council has wider legislative powers than the previous ruling body.

Mr Posgate's suspension by the Lloyd's committee last September followed allegations by Alexander and Alexander Services, the U.S. owner of Alexander Howden Group, where Mr Posgate worked, that he was involved in a series of financial irregularities with four other Howden directors. Mr Posgate was dismissed by Howden's American owners and he is suing for wrongful dismissal.

Mr Posgate was hoping to return to underwriting with his own underwriting agency company, Posgate & Denby, where he speaks for more than 60 per cent of the shares.

Mr Posgate said yesterday that Posgate & Denby had informed the council that it wished Mr Posgate to "recommence underwriting on their behalf, but would not authorise him to do so without the concurrence of the council."

Labour resumes attack on boundaries

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AMID INCREASING speculation that Mrs Margaret Thatcher, the Prime Minister, may call a general election in June this year, leaders of the Labour Party yesterday renewed their legal attack on proposed changes in English parliamentary constituency boundaries. The changes could have a marked effect on the outcome of an election.

Conservatives are likely to gain most from the redrawing of the political map - experts believe it could cost Labour about 30 parliamentary seats. The Boundary Commission was authorised to take account of changes that have taken place in the size of constituencies as a result of shifts in population.

The Divisional Court Judges ruled that the multiplicity of complaints made by Labour about the way the Commission went about its task of redrawing constituencies were ill-founded.

Lord Justice Oliver also expressed the view that the Labour leaders had, in legal terms, "no sufficient interest" - as citizens, electors or prominent members of a large political party - to entitle them to challenge the Commission.

The judge said that it was not a case where the court should interfere with or impede parliamentary debate on the matter, and that, in any event, Labour had delayed too long before making the challenge, which would in itself be enough to defeat the claim.

Yesterday Mr John McEvilly Williams, QC, for Labour, said there were two thrusts to its argument. First, the Commission was required to create constituencies as near as practicable, which involved an objective standard the Commission failed to achieve.

Second, the Commission had a

discretion, where there were "excessive disparities" either between neighbouring constituencies or in relation to the electoral quota, to create constituencies crossing local authority boundaries. That discretion, which also involved an objective test, had not been exercised.

Sir John Donaldson, Master of the Rolls, said the contrast between objective and subjective might be misleading. The central question, he suggested, might be whether the Commission had gone so far beyond what was reasonable that it had not conformed to the rules under which it had to operate.

Sir John added that it was important that electors should understand the case, and he did not think they would understand the difference between objective and subjective tests.

The hearing continues.



Michael Foot: court plea

Standby plans for water stoppage

WATER WORKERS' unions and employers will attend talks today with the Advisory, Conciliation and Arbitration Service in an effort to avert an all-out national strike in the industry from Sunday night and disruptive industrial action from tonight over a pay dispute.

The Government is expected to bring to full readiness its long-prepared contingency plans for dealing with the effects of a national water strike, including the use of about 9,000 troops to take over strikers' work.

Conservatives ahead

THE Conservative Party has improved its standing since the 1979 election among men, trade unionists and in the south of England, according to the latest opinion poll from Mori (Market and Opinion Research International).

The Conservatives are shown with 44 per cent support, against 42 per cent in December. Labour has 35 per cent, the same as previously. The Social Democrat Liberal Alliance has slipped from 21 to 20 per cent.

Rubbish power

BRITAIN'S first rubbish-fired power station is to be built at Coryton in Northamptonshire. The £30m plant will burn up to 350,000 tons of domestic refuse a year to provide electricity and heating.

The plant is to be built by a consortium including Coryton Council, British Steel and GEC. At full output, it will provide more than 18 megawatts of electricity and 40 megawatts of heat, and should be operating by the late 1980s.

Campaign starts

AN advertising campaign costing £1m is being launched today to find more than 400,000 places for young people on the Government's new youth training scheme.

The scheme, itself costing £1bn, will offer year-long programmes of training, work experience and further education.

Tourism review

MR IAIN SPROAT, minister in charge of tourism, said yesterday it was time to overhaul the Government's tourism policy guidelines of 1974, when it was decided to place more emphasis on promoting places away from the main tourist centres.

Interest declines in North Sea blocks

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA companies have turned their backs on many of the oil exploration areas offered by the UK Government and have concentrated their bids on possible gas-producing concessions.

Accounts of Lloyd's underwriting syndicates, the units into which all Lloyd's members are grouped, will be required to disclose material interests in a "fair" way. Underwriting agents who introduce members to Lloyd's syndicates but who do not manage those syndicates will be required to show all material interests of their agency company.

An interest of less than 5 per cent in a quoted company is exempt under the new rules. And a "special case may be pleaded by any underwriting agent providing full particulars are disclosed to Lloyd's and providing the syndicate auditor is consulted."

Lex, Page 16

Lloyd's sets out disclosure rules

BY OUR CITY CORRESPONDENT

WORKING UNDERWRITERS in the Lloyd's of London insurance market will have to disclose the benefits they receive from their associations with companies with which they transact business.

But how much financial benefit the underwriters receive from their shareholding links with insurance or reinsurance groups with which they are trading is likely to remain largely confidential with the Lloyd's ruling authorities.

Mr Ian Hay Davison, who starts work next month as the first chief executive of the Lloyd's insurance market, announced the new proposals which have been prepared by a working party under his leadership over the last two months.

Under the new proposals, underwriting agents, which look after the affairs of all Lloyd's underwriting members, will be required to maintain a register at their business ad-

dresses of their own disclosable insurance interests and those of their employees, partners or close connections.

Access to this register will be restricted to members of the Lloyd's ruling council, the Lloyd's committee and auditors. The interests "would be quantified."

In moves designed to stamp out abuse in the Lloyd's market arising from conflicts of interest, the Davison working party has insisted on full disclosure of interests to a central register at Lloyd's.

Members of Lloyd's will not be able to study the relationships of underwriters and the links which those underwriters have with other companies, unless the underwriters act on behalf of the members of Lloyd's.

Mr Davison said yesterday, "I think it is going too far to invading personal privacy to make the quan-

tum (of benefit) public." He said that the register had been modelled along the lines of the register of business interests of Members of Parliament at the House of Commons.

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Lex, Page 16

This is how we chose our First Class 747 seats.

12 hours on this seat felt like a lifetime.



Half an hour on this seat felt like 12.

We rejected this one too. It's nice to look at. Even seems comfortable. But that's about all. Not the kind we want you to sit on for a long journey. In fact, after this we tested many more. None came up to the mark. Not until we tried the one we picked.

12 hours on this 'Easy Sleeper' was really a good night's sleep.

When you sink into our luxurious First Class 'Easy Sleeper' it'll be hard for you not to succumb to its body-hugging comforts. Our 'Easy Sleepers' are wide and roomy with thickly padded footrests. All done in brush velvet. In fact, once you are comfortably settled in you'll find tremendous leg-stretching room. Not forgetting all the first class benefits. We'll also offer you electronic headphones for listening to a selection of music. And above all, we'll be giving you the best in personal, attentive, yet unobtrusive service. That's because on Malaysian Airline we'll always treat you like gold.

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Spending in shops rises 6%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

A MODEST BOOM in UK shop spending during December pushed the volume of trade 6 per cent above its level a year earlier, according to official figures released yesterday.

Provisional estimates by the Department of Trade show that the consumer boom in December helped to raise the volume of retail sales for the last three months of the year to a level 4% per cent higher than a year before.

For 1982 as a whole, it is estimated that the shops did 2% per cent more business in real terms than in the previous year.

Shop spending, which accounts for nearly half of all consumers' expenditure, is thought to be the most likely engine for the modest economic recovery which most forecasters are predicting this year.

Earlier hopes that economic recovery could be led by exports, or by a revival of industrial invest-

ment, appear less sanguine than a year ago. The buoyancy of consumer spending has taken many by surprise.

Most forecasters are expecting consumer spending to have grown by about 4% per cent to 1 per cent in 1982 (final figures are not yet available) with an increase of about 2% per cent expected this year.

This would be considerably more buoyant than the outlook for the other major European countries, where consumer spending is expected to grow only marginally this year. The Organisation for Economic Co-operation and Development (OECD) predicted in its latest forecast that consumer spending in West Germany would fall by 1/4 per cent in 1983 and that it would rise by only 1 per cent in France and 1/2 per cent in Italy.

However, a more buoyant trend in shop spending would only benefit the UK economy if British manufac-

facturers can hold their own against importers.

The 12 per cent depreciation of the effective exchange rate of sterling since the beginning of November should help to make British goods relatively more competitive.

On the other hand, tight consumer markets in other countries may prompt importers to hang on to their market shares in the UK by holding down starting prices at the expense of profit margins.

The prospects for consumer spending in the UK are delicately balanced. During the recession, consumers' spending has held up better than predicted because people reduced the proportion of their incomes which went into savings.

The ratio of savings to income is at an exceptionally low level. It is not thought likely that a substantial further increase in spending could be financed at the expense of savings.

Top changes at British Shipbuilders

BRITISH Shipbuilders, the state-owned group, is reshuffling top management in preparation for the departure of three key executives later this year.

Mr John Parker, head of merchant shipbuilding, is leaving to run the Harland & Wolff yard in Belfast. Mr Kenneth Griffin, deputy chairman and Mr William Richardson, head of warship yards, are also going.

Mr Parker's successor will be Mr Herbert Rice, at present managing director of Sunderland Shipbuilders, while Mr Geoffrey Fuller, former director of naval shipbuilding at the Ministry of Defence succeeds Mr Richardson. A successor for Mr Griffin, who was once tipped as a possible chairman for the National Coal Board, has not been named.

Mr Rice will also become chairman of Swan Hunter, the Tyneside merchant and naval yard.

DIABETES

Join us — Help us — Support us

BRITISH DIABETIC ASSOCIATION

10 Queen Anne Street, London W1M 0BD

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE (Algerian Popular Democratic Republic)

MINISTERIE DE LA CULTURE (Ministry of Arts)

SOCIETE NATIONALE D'EDITION ET DE DIFFUSION "SNED" (National Publishing and Distribution Company)

8, RUE MOHAMED ARIEZKI BEN BOUZID EL ANNASSER ALGER (ALGIERS)

NOTICE OF OPEN INTERNATIONAL CALL FOR TENDERS NUMBER 4.6.01.63

An open International Call for Tenders is being launched with respect to the supply of:

— Machine-made paper and cardboard.

Interested companies may obtain the specifications relating thereto from the following address:

— SNED — Unité Papeterie (Stationery Unit) — 8, Rue Mohamed Ariezki Ben Bouzid les ANNASSERS, Alger (Algiers); for a sum of 200.00 DA.

Offers must be filed within 45 days from the date on which the present notice is published.

Offers must be sent by post to the above address in a double sealed envelope.

The outer envelope must be completely anonymous, bearing no information which might identify the company.

The said envelope should bear the following wording only:

— "SNED" — Unité Papeterie — 8, Rue Mohamed Ariezki Ben Bouzid les ANNASSERS — Alger "Avis d'appel d'offres International No. 4.6.01.63" p/ confidéntiel — A ne pas ouvrir" — DDP Service des Marchés (SNED — Stationery Unit — 8, Rue Mohamed Ariezki Ben Bouzid — les ANNASSERS — Algiers "Notice of International Call for Tenders No. 4.6.01.63" p/ confidéntiel — do not open" — please forward to Contracts Department).

Tenders shall remain bound by their offers for a period of 120 DAYS.

Offers must be accompanied by the following documents, or they will be declared null and void:

— Articles of Association of the company.

— Declaration to be signed.

— Bid.

Standby
plans
or water
stoppage

Industry raises the roof to avoid taxation

By Robin Pauley

A GROWING number of companies are removing the roofs from their buildings or demolishing them, encouraged by the Confederation of British Industry, to avoid local authority rates (property taxes) on void property.

Mr John Owen, group managing director of Rubery Owen, said the company was saving £300,000 a year by removing the roofs or demolishing about 500,000 sq feet of factory space at Darlaston, Staffordshire. "One of the chief motivating factors was the void rating system," he said.

Other examples, published by the CBI, include:

- Dupont, in the West Midlands where the roof is being removed from 800,000 square feet of property not producing any income. The saving is £200,000 and one of the premises was only a few hundred yards from the district authority boundary; on the other side was a council which did not exercise its right to charge rates on empty properties.

Plessey Telecommunications, Liverpool, saved £54,000 in rates and £150,000 in insurance, heating and other costs by knocking down seven buildings covering 140,000 sq feet.

● Len Lothian warehousing in Central Scotland, saved £40,000 by building a wall across its 140,000 square feet warehouse to halve its annual rates bill while only half the storage space was needed.

Mr Bryan Rigby, CBI deputy director general, has urged the Government to consider four points to alleviate the problems of rates for commerce and industry which will pay a total of £5bn in 1983-84. They are a limit on business rate increases, partial business derating, abolition of the empty property business rate, and rates relief for premises mothballed during the recession.

There are no signs at the moment that the Government is prepared to accept any of these proposals.

SALARY INCREASE AFTER 'PASSABLE' GROUP PROFITS

£101,900 pay rise for BOC's chief executive

BY RAY MAUGHAN

MR RICHARD GIORDANO, the American lawyer turned industrialist who runs BOC Group, confirmed his position at the top of Britain's income league yesterday with a salary increase of £1,900 a week in the year to September 1982.

The industrial gases, welding equipment and health care group gave him a rise of £101,900 last year to bring his gross annual salary as managing director and chief executive, up to £579,000, or £11,35 each week.

Boardroom salaries at BOC climbed from £176m to £203m which was shared between the 13 main board directors. Sir Leslie Smith, the chairman, received a £1,000 salary increase to lift his annual earnings to £222,000.

Executive remuneration, BOC explained, is decided by a compensation committee of the six non-executive directors and is made up of basic salary, bonus payments and currency adjustments for that year.



Mr Richard Giordano

Last year BOC pushed up profits by £1.1m to £102.6m for a performance which the group said was "passable" but not terribly exceptional. Total group employment was cut by 8 per cent to 38,370 people.

and the UK wage bill was reduced by £5.3m to £1.09bn.

Mr Giordano sold 4,620 shares in the company last year and now holds 84,898 shares. He has, however, recently received the right to buy 400,000 BOC shares at 20p, each between 1986 and 1989 under the senior executives shares option scheme. The share price dropped 8p to 170p last night.

Mr Giordano, who is 47, took over at BOC in 1976 after the British group took over the American company Airco, where he was president.

In the year to September 1981, when BOC increased its profit by £3m to more than £94m, Mr Giordano was awarded a salary increase of more than £200,000 a year. A company spokesman said then: "It is a reward for success. There is no question of having to justify it. Mr Giordano is worth the money."

LEX, Page 16; Company news, Page 26

Idle ships again at record level

By Andrew Fisher

THE GRIM state of world shipping was further underlined yesterday by figures which showed that idle tonnage at the end of November last year, the latest figure available, was 81.5m deadweight tons — again the highest on record.

This figure, calculated by the General Council of British Shipping for the end of November, was nearly 2m dwt up on the October 31 level

IDLE WORLD TONNAGE (in dead tons)			
	Dry	Tanker	Total
Dec 1980	2.2	7.0	9.2
June 1981	1.9	15.4	17.3
Dec 1981	2.5	24.8	27.4
June 1982	6.5	52.2	58.3
Nov 1982	22.5	58.0	81.5

Source: General Council of British Shipping

and represented some 12 per cent of world shipping.

It was the sixth month running that laid-up tonnage had been at a record level. The bulk of the ships affected were tankers but dry cargo ships are now forming a larger proportion of the total.

The end of November figure comprised 50m dwt of tankers (17 per cent of world tonnage) and 22.5m dwt of dry cargo vessels (6 per cent). At the start of last year, the total was 27.4m dwt, including 24.8m dwt of tankers.

The volume of world shipping laid-up is nearly nine times the 9.2m dwt recorded at the end of 1980. Freight rates remain near rock-bottom levels.

Since then, the tanker crisis — reflecting lower fuel demand in the recession and changed market patterns which have made many big ships obsolescent — has worsened and other sectors have also run into trouble.

The problems of the shipping industry have, in turn, spilled over into shipbuilding, with world yards struggling to win new business as their order books shorten.

Fleets with the most idle tonnage at the end of November were those of Liberia, a flag of convenience country, with 18.8m dwt affected, mostly tankers, Greece with 10.7m dwt, and Norway with 11.3m dwt.

Pre-tax earnings of 31 companies involved in spinning and weaving announced during last year rose from £8.5m to £16.5m. The Tat-

TAX LOophole unlikely to be closed in budget

Cash pours into 'roll-up' funds

BY CLIVE WOLMAN

HIGH-RATE UK taxpayers have been investing money in "roll-up" offshore funds in increasing amounts over the past few weeks. There are growing signs that the tax loophole from which the funds benefit is unlikely to be closed by the budget in March.

Rothschild's Guernsey-based Old Court International Reserves, the largest such fund, saw its deposits rise from £176m at the end of September to £277m two weeks ago. After a further inflow, its deposits are now worth almost £300m.

Lazard's Sterling Reserve fund, officially managed in Jersey, has soared from £28.5m in early October to £53m at the end of last week. Smaller funds have marked up even larger percentage increases. Hill Samuel's currency fund, for example, has nearly trebled in size over the last three months to reach £23.75m.

The major selling point of all the funds, whether they hold deposits in sterling or in foreign currency, is that they "roll-up" their clients' investment income into capital gains by ploughing back the accrued interest into the fund to push up its value.

Mr Malcolm Gammie, head of the national tax office of accountants Thomson McIntosh, said: "If they were going to give advance warning, they would have done so by now, only two months before the budget."

Mr Charles Potter, QC, a specialist in tax law, said it would be difficult for the Government to draft legislation against the offshore roll-up funds without also harming investors with shares in overseas trading companies, or even in British companies with overseas subsidiaries.

Mr Potter said that the crucial Section 478 of the 1970 Income and Corporation Taxes Act, which deals with overseas investment, had already been tampered with once in 1981 to reverse a court decision against the Inland Revenue. The Government might be reluctant to attempt to tighten it again.

No one doubts that the Inland Revenue intended to strengthen its powers in this year's Finance Act were as strong last month, when a government consultative document on proposals to clamp down on international tax avoidance failed to mention offshore roll-up funds. Nor has the Government resorted to the traditional method of warning of an impending closure of a tax loophole — by answering a pre-arranged parliamentary question.

Inland Revenue officials will not discuss possible legislative changes. But press officer Mr Pat Lewis pointed out that the Government's policy was not to introduce retrospective tax legislation.

Scottish forest industries to be encouraged

By Mark Meredith

PLANS were announced yesterday to promote forest product industries in Scotland to coincide with an expected doubling of the country's timber output over the next 15 years.

Scotland, which provides more than one third of Britain's wood production, is seen as the one remaining large uncommitted forest resource in Western Europe.

The plans were outlined in a review of Scotland's forests, undertaken by the Scottish Development Agency and the Highlands and Islands Development Board.

Sir David Montgomery, chairman of the Forestry Commission, said yesterday that opportunities for capital investments of £300m over the next 15 years had been identified. These included sawmills, wood panel production and a pulp mill.

What if you chose Hewlett-Packard as a computer partner?



"In one year our HP 3000 systems have increased our efficiency by 25% and helped us to the top of a market we had only just entered."

- Val Lewthwaite, Division Manager, WHS Distributors, Leicester.

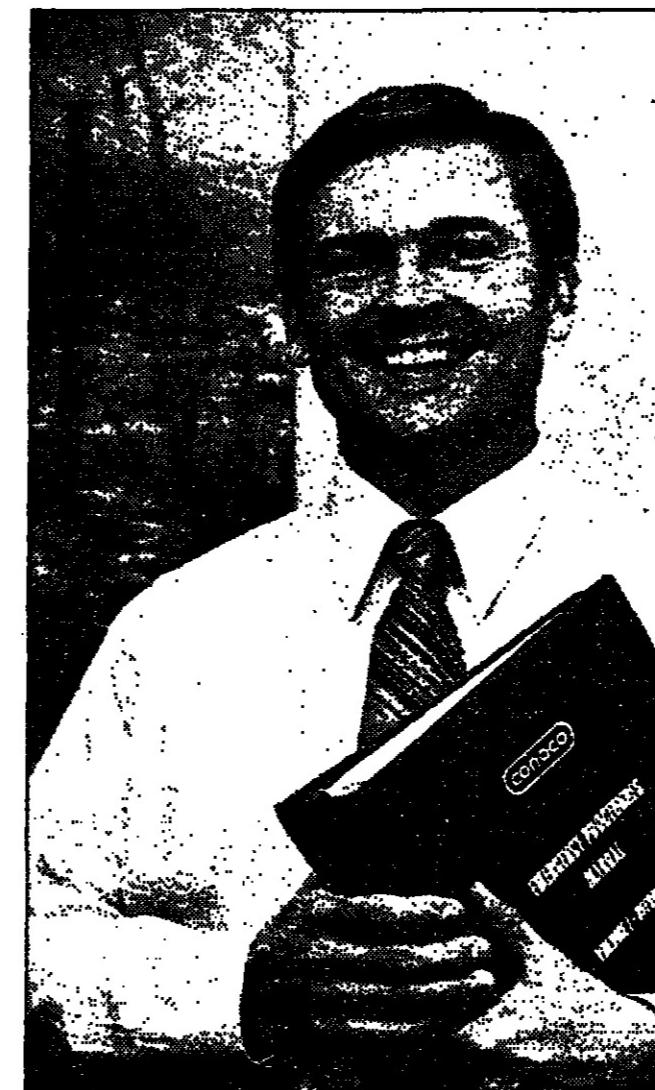
Since WHS Distributors, a division of W.H. Smith & Son Limited, was founded 10 years ago, it has become Britain's leading distributor of hardback books. In 1981, with orders reaching 10½ million books a year they entered an entirely new field—the distribution of travel brochures—and within 12 months, they had won a 20% share of this competitive market.

The rapidly escalating success of both these ventures is not unconnected with the coming-on-stream of two HP 3000 computers.

The first of these systems runs WHSD's uniquely comprehensive book operation. The system encompasses not only the logistics of distribution, but the marketing, sales, accounting, order-processing and stock management functions for some 5,000 current titles. In the past year, the introduction of the HP 3000's and productivity improvements have significantly reduced in-house order processing time.

The second HP system is dedicated exclusively to controlling the intricacies of the travel brochure business—masterminding the distribution of brochures to over 4,500 travel agencies throughout the UK as well as keeping hour-by-hour control of order-processing, stock control, and statistical information. In this time-sensitive business, up-to-the-minute data is essential and a valuable feature of the HP system is its ability to generate ad-hoc reports for tour operators at a moment's notice.

Says Val Lewthwaite: "To be in a position to challenge the market leaders only 12 months after entering the market is very gratifying. It's proved to us how adept the HP 3000 is in taking on highly specialised tasks alongside the traditional business functions."



"Since transferring personnel movement records on to the HP 3000, we've achieved tighter security, streamlined personnel deployment, improved flight scheduling and saved 3 hours admin. time per platform per day."

- Don Anderson, Platform Operations Manager, Conoco (UK) Limited.

Any day of the year there are up to 300 people working on Conoco's Murchison platform. Of these, typically 50 will have just arrived and 50 will be just about to leave.

Traffic on such a scale in so remote an environment is a logistical nightmare. It also makes the statutory maintenance of Personnel-on-Board (POB) records an administrative burden.

So, in 1979-80, Conoco began development of a Personnel Movements Control (PMC) system based on their HP 3000 Series III computer in Aberdeen. It supports data-capture terminals on the platforms and at each end of the key staging posts, programmed for automatic badge-reading and for manual input.

The system has three main elements; a personnel detail file, a flight scheduling service and a continuously updated list of personnel on board. Among the practical benefits, the system allows the helicopter terminal in Aberdeen to schedule flights efficiently, based on accurate passenger and baggage details. Movements to Conoco's North Sea installations from Aberdeen have been simplified for those travelling. In an emergency, information on personnel involved can be provided within minutes — information that could save lives.

Don Anderson says: "The system has been very well received — a credit to the HP 3000's user-friendliness. It has already awakened the interest of other North Sea operators."

You too could count on results

Desk-top computers, mini-computers, powerful, multi-terminal data-base systems, distributed systems... HP's management computer range is dedicated to delivering the power and adaptability your operation needs.

The performance of an HP system, its engineering excellence, its reliability and its service support, have only one criterion of success — the tangible results it brings to the user. That's true not only of HP computers but of HP electronic, medical and analytical instruments and systems, HP semiconductor components and personal calculators. Hewlett-Packard in Great Britain

In 1981 Hewlett-Packard Limited had a turnover close

to £120 million which puts the company well into the top 500 Industrial companies in the UK. Employees now exceed 2,000, of whom more than half are in sales and customer support.

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The Hewlett-Packard approach to its customers is based on a working partnership — one which starts with the definition of computational needs and continues with the provision of first-rate after-sales service. There is a choice of support options ranging from planning and installation, training, consulting and software support, through to hard-

ware maintenance and computer supplies. Hewlett-Packard has invested heavily in the provision of customer support centres throughout the UK. HP runs two major training centres at Manchester and Pinewood, near Wokingham, as well as engaging in extensive on-site training programmes.

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LEEDS PERMANENT BUILDING SOCIETY

In the course of his address at the 13th Annual General Meeting on January 17th, 1983, to present the results for the financial year ended September 30th, 1982, the President, W. Leonard Hyde, F.C.B.S.I., said:

"The Society advanced a record £848 million to 51,000 members, 53% to first time buyers."

"For the preservation and rehabilitation of older properties we lent over £180 million on dwellings built before 1919."

"...a travellers cheque service enables investors to withdraw from their accounts in the form of sterling travellers cheques...without any charge."

FINANCIAL RESULTS

Total Assets	£4240m
an increase of 19.55% on 1981.	
Liquid Assets—in the form of cash and Trustee investments.	£857m
Total Reserves	£186m
representing 4.4% of total assets.	
Mortgage loans outstanding	£3320m
New investment accounts opened—607,000.	



Head Office: Permanent House, The Headrow, Leeds LS1 1NS.

M. J. H. Nightingale & Co. Limited

1982/83	High Low	Company	Gross Yield	Price Change	div.(p)	Actual	Fully
150	100	Ass. Ind. Ord.	123	+ 1	4.8	7.8	10.2
150	117	Brit. Ind. CULS	150	—	10.0	6.7	12.8
74	57	Airspun Group	65	—	6.1	6.2	7.5
48	36	Armitage & Rhodes	38	—	4.3	11.4	11.1
202	100	CCL 1st Cont. Pcl.	221	+ 1	11.4	5.0	12.1
123	100	CDC 1st Cont. Pcl.	121	—	15.7	13.0	9.8
270	240	Cinco Group	245	—	17.8	7.2	9.9
88	58	Deborah Services	58	—	6.2	10.3	9.4
123	100	Dickins Holdings	123	—	7.9	5.2	6.8
63	61	Frederick Parker	64	+ 2	6.2	10.0	3.2
55	38	George Blair	38	—	12.3	6.8	13.8
102	78	Hill Precision Castings	78	—	12.3	5.1	10.8
126	100	Hillier Firms	124	—	15.7	11.7	12.8
127	94	Jackson Group	127	—	7.5	5.9	8.1
172	111	James Burrough	171	—	8.5	5.6	12.5
202	150	John Lewis	170	—	20.0	17.8	19.0
83	54	Scruttons "A"	74	—	5.7	7.7	9.8
167	117	Todday & Carlisle	117	—	11.4	9.7	9.2
29	21	Unilock Holdings	24	—	0.46	1.9	2.0
72	57	Walker & Hall	72	—	6.2	5.2	7.5
224	214	W. S. Years	224	+ 1	14.6	5.7	8.0

Prices now available on Prastel page 48146.

December, 1982
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THE FRENCH TEXTILES INDUSTRY

The high cost of stemming the tide

By Anthony Moreton, Textiles Correspondent

FROM HIS office on the Montée de Choulans, high above the centre of Lyons and the great Rhône which flows through it, Jean Vasschalde can look over one of the most important textile regions in France. He is general secretary of Utelex, the textile employers' federation for the area, and what he sees pleases him.

"Last year was a good year not only for Lyons but for the whole French textile industry. Output probably rose by around 5 per cent, the downward drift in employment was halted and the measures introduced by President Mitterrand's Government gave the industry a boost."

The relative prosperity of the French textile industry is in contrast to that experienced in the rest of Europe. The British industry, first into the recession, is still deeply troubled. The Germans nose-dived last year, accompanied by the Belgians, and even the Italians, with their powerful industry, the largest in Europe, are envious of aspects of France's present prosperity.

The consequence of the reactivation of consumer spending introduced by President Mitterrand last year after he took office. The French are highly clothes conscious and spend some 6 per cent of their money on suits, shirts and skirts

small rise in numbers employed in both France's textiles and garments last year, the only European country to be in such a happy position.

But if 1982 has been a good year the outlook for the next twelve months is uncertain. There is a feeling that growth, even if it happens, will be minute and the best that can be hoped for is a breathing space. To exacerbate matters, imports are growing in importance and now take 52 per cent of the French market.

This disappoints the Government, which has made the regeneration of the textile industry one of its principal aims.

Under President Giscard industrial policy concentrated much more on looking for future winners and tended to support hi-tech and bi-tech. President Mitterrand also sought out the older, more traditional industries, such as furniture, toys, footwear and leather. Textiles had a central place.

This change owed much to Pierre Dreyfus, M. Mitterrand's first minister of industry. M. Dreyfus was not a machine politician; he had not run Renault car company.

The Dreyfus approach was based on:

- Introduction of "contracts of solidarity," an investment and job package.
- A cut of up to 12 per cent in social charges, such as insurance and health contributions.
- Stimulation of investment through low-interest loans.
- The setting up of a Textile Promotion Centre.

The main arm of the policy, the contracts of solidarity, was intended to stimulate investment and cut the country's unemployment, approaching 10 per cent nationally and even higher in the textiles sector.

Companies entering into a contract with the Government received assistance towards new investment and innovative processes provided they replaced workers over the age of 55 with younger men or women.

For the employees there was the attraction that any worker over 55 taking early retirement would receive 80 per cent of his pay until the age of 65 providing he took no other job.

Surprisingly, the scheme was popular—and expensive. The first contract of solidarity was signed at Cholet at the end of April, a region where there

were then 18,000 out of work in textiles, and another 2,000 have since been agreed around the country.

The second arm of the policy was the carrot for companies of having to meet lower social charges—national insurance, training levies and the like—for each employee. Cuts of up to 12 per cent were offered, though in many cases they were lower. This step was also welcomed by employers who have to bear a particularly heavy share of French taxation.

Textile associations in Paris estimate that social charges account for 41 per cent of all wages and salaries in France compared with 20 per cent in Belgium and the U.S., 18 per cent in Germany and Japan and 14 per cent in the UK. Cutting that level to around 30 per cent obviously assists cash flow, and

provides an incentive to invest.

The third major plank of the textile industry there are differing opinions: Marcel Billon is head of Billon Frères, a 29m turnover knitter in Villeurbanne, a suburb of Lyons, which employs some 300 people.

"There are attractions in the system for me. It has always been very difficult to get rid of workers in France even for a company in difficulties, and this has provided an excellent incentive for them to leave early."

"More important, though, is the remission of social charges. For every FF 10 I pay in wages I have to pay FF 70 in social and other charges—social security, holiday pay which has now gone up to five weeks, family allowance, training levies, transport charges and so on."

"Although the new government

ment policy is heavily in favour of the worker, it has made people realise that times are hard. They may have got a cut of an hour in the working week but they can see that money is short and are more willing to consider such things as shift working and weekend work."

Robert Porcher takes a different view. He is head of Porcher-Textiles, a large producer of industrial textiles such as conveyor belts, coated yarns and staple glass-fibre yarns, at Bourgoin-Jallieu, some 25 miles outside Lyons.

"Mitterrand has done a lot of silly things probably because he lacked experience. These contracts of solidarity will throw an enormous burden onto the company. We may benefit in the short run, but someone will have to pay for the cost eventually."

"First of all the contract of solidarity envisaged people retiring with 80 per cent salary. Then it was mooted that the figure should be 55 per cent. People who were thinking of going suddenly had second thoughts and remained till pension became clear."

"Frankly, we don't know where we stand. In all this Under my contract of solidarity I had 74 workers eligible to take

early retirement and 73 wanted to go. But when the Government said they would not get such good terms many of them had second thoughts."

"Then the shorter hours and longer holidays will have to be paid for by someone. And that can only be out of taxation."

"The big worry, though, is what will happen after the two-year period given for the contracts of solidarity expires. Will assistance be suddenly withdrawn?"

With M. Chevenement so seemingly apathetic about the policy which he inherited, the chances of a continuation seem at the moment slim. "We just got the policy through in time," according to M. Thierry Noblot, chief economist to the manufacturer fibres.

"Another two months and all would have been lost. It was that close."

APPOINTMENTS

CBI London director

Mr Peter Wallace has joined the CONFEDERATION OF BRITISH INDUSTRY as its London regional director. Mr Wallace, who is 33, joins the CBI from Coopers and Lybrand where he was national personnel manager. He previously worked for Cape Industries and GEC. He is a council member of the British Institute of Management and chairman of its Parliamentary and Crossbench "Crossbencher" programme.

Mr John McMonigal has been appointed managing director of the rehabilitation division of INTERMED, Thomas Tilling's healthcare group. He joins the main board of InterMed and will become chairman of J. E. Hargreaves and Co. Ventures and Spares (Somerset). He was previously with Sperry Electronic Systems, where he was general manager, Europe, and was a director of Sperry. Mr Robert Ascott has joined InterMed as senior executive and will be appointed to the boards of a number of its subsidiary companies within the group's hospital equipment division. He was formerly with Thorn EMI, latterly as managing director of Emidata.

Mr H. E. Tinsley will be leaving WILLIS FABER (UNDERWRITERS AND MANAGERS) on January 24 to join the A. J. Whittall Syndicate managed by Willis Faber and Dumas (Agencies). In consequence Mr J. W. Chambers will be joining Willis Faber (Underwriting Management) on May 1 as head of UK and foreign agents department.

Mr Alan Geodds has been appointed head of BARCLAYS BANK'S group economics department at head office, London.

MORGAN GUARANTY has promoted Mr David Varley to managing director of its marine division. Mr Michael J. Fleming, Ms Maria Jordan and Mr Benjamin C. Weston and to assistant manager of the group's construction division. Mr Brian R. Dearing and Mr James M. Grant.

ROYAL INSURANCE (UK) has appointed Mr M. E. Berry, Mr J. T. Coggan, Mr D. A. Davies and Mr J. S. Simpson as assistant general managers. Mr M. G. Eagle becomes assistant manager (special duties); and Mr R. S. Samuels is appointed manager, London underwriting division. From April 1 Mr J. C. Brown becomes technical services manager.

LEE BEESLEY has restructured its northern activities into a separate division administered from Manchester by Mr George Glencross, managing director, supported by Mr Gordon Miller, divisional general manager, At. Thomas Leslie Electrical, a Scottish subsidiary, Vice-Marshal.

Mr John Miller has been appointed director of the INSTITUTE OF PERSONNEL MANAGEMENT. He will take up his appointment in March. He is currently the director-general of RAF personal services and head of the administrative branch of the RAF with the rank of Air Vice-Marshal.

COMPANY NOTICES

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS ISSUED IN YAMAICHI SECURITIES CO. LTD.
EDR holders are informed that Yamaichi Securities Co. Ltd. has paid a dividend of 10% per Cent on the Stock of Yen 50,000 per share. Pursuant to Clause 8 of the Deposit Agreement, the dividend is subject to a valid withholding tax, into United States Dollars.
EDR holders may now present Coupon No. 3 for payment to the underwriter.

Payment of the dividend with a 15% withholding tax is subject to receipt by the underwriter or the Agent of a valid declaration in a country where the withholding rate is higher than 15%.
COUNTRIES CURRENTLY HAVING SUCH ARRANGEMENTS ARE AS FOLLOWS:

Australia
Belgium
Finland
France
Germany
Ireland
Italy
Japan
Malaysia
New Zealand
Norway
Portugal
Spain
Sweden
United Kingdom
United States
West Germany

Other countries where the withholding rate is 20% will be applied to any dividends unclaimed on or before December 30, 1983.

Coupon No. 3 Gross Dividend payable December 31, 1982.

Dividend payable January 15, 1983.

THE ARTS



"Children Playing Dice" and "Immaculate Conception of the Escorial"

Restoring the reputation of Murillo

Murillo, last of the great Spanish masters of the seventeenth century, died in 1682. The exhibition of his work which opened in the Prado for the tercentenary last autumn is claimed to have been the first truly representative one-man show he has ever received. This may not cause undue astonishment now, as during this century his reputation has sunk while that of Velasquez has commanded ever more devout attention, and El Greco's has soared from virtual obscurity to stardom. Zurbaran and now Ribera claim more earnest art-historical appreciation. Nevertheless, to the Prado last autumn the multitudes are said to have come in record attendance (surpassing apparently the figures for the El Greco exhibition earlier in the year), and it is this display that is now translated to the great rooms of the Royal Academy (10-6, seven days a week, till 27 March) thanks to the generous sponsorship of B.A.T. Industries. It arrives all but complete, though there is one important omission from the London showing, the superb whole-length male portrait from the Duke of Alba's collection, that seems to have been withdrawn in displeasure over the Falklands dispute. That however is offset by the presence of the masterful self-portrait, which sadly the National Gallery felt unable to depict for conservation reasons to let travel to Madrid.

Murillo's more recent reputation has been to some extent victim of his own popularity through the eighteenth and nineteenth centuries. Amongst numbers of masterpieces shown at one of the first great comprehensive exhibitions of Art Treasures at Manchester in 1857, Nathaniel Hawthorne was moved to single out Murillo's *The Good Shepherd* as "the loveliest picture that I ever saw." Support of substance for such exalted valuation had been provided by the Louvre five years earlier, when it paid more, in

solid gold francs, for a Murillo than any painting had ever fetched before. By 1841, the Louvre nevertheless had swapped its painting with the Prado, for a Velasquez, the best known example of one of Murillo's favourite themes—the Immaculate Conception. The young and beautiful Virgin borne up on the most fragile of sickle moons, in this case through a tumbling foam of healthy cherubs. The painting

many variations on the subject vary in quality, but the finest of them express truly a passion, a generous optimism, and a warmth of humanity. At the Academy, they are represented at their best, and in front of them, instead of thousands of sweetened reproductions, oleographs, pastiches, evaporation, as one sees the originals clear.

Similarly, with another kind of subject, the famous studies of subject of the famous studies of ragged victims. These are often condemned as sentimental, but while certainly they reflect the acceptable face of poverty, its "picturesque," and the children are content, often even merry and certainly never starving in their rags, they are observed and recorded in this mood without sentimentality, in the most complex and subtly modulated compositions, in which Murillo's mastery of modelling with reflected light and muted yet glowing colour is given full play. Murillo's domestic affairs were beset with tragedy—a widower for his last 20 years, most of his nine children dead—yet he is in his art radiantly optimistic. The contrast in mood of this exhibition with the no less magically expressed explosion of violence, bloody martyrdom, and death in the preceding exhibition, in the same rooms of Neapolitan painting of the same period, is positively startling. Happiness will out. And it was of course not only the subject, so precociously anticipating eighteen-century sensibilities, of the beggar-boy pictures that so attracted painters like Gainsborough and Reynolds, but the technique and

style of painting that made him the most popular painter of his time. The contrast in mood of this exhibition with the no less magically expressed explosion of violence, bloody martyrdom, and death in the preceding exhibition, in the same rooms of Neapolitan painting of the same period, is positively startling. Happiness will out. And it was of course not only the subject, so precociously anticipating eighteen-century sensibilities, of the beggar-boy pictures that so attracted painters like Gainsborough and Reynolds, but the technique and

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Murillo was a devout Catholic, and a sincere champion of the Counter-Reformation and of some of the issues of dogma that obsessed the movement in Spain. The theme of the Immaculate Conception was one such. Inevitably, Murillo's

supporters of Nuremberg and the rarely performed *Rienzi*. Other fresh works for the repertoire include *Ariadne auf Naxos*, Britten's *The Rape of Lucretia*, and two joint productions, Gounod's *Mireille*, which comes from Geneva Opera, and Verdi's *The Sicilian Vespers*, and *The Valkyrie* and there are also productions of *The Master*.

The English National Opera is planning seven new productions in its 1983-84 season, three by Wagner, the centenary of whose death falls in 1983. A new Ring Cycle starts in October with a production of *The Valkyrie* and there are also productions of *The Master*.

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THE MANAGEMENT PAGE: Small Business

ENTERPRISE ALLOWANCES: BY TIM DICKSON

Easing the way into self-employment

WHAT DO a Burnley acupuncture clinic, a Coventry pub supplier and a Kent lighting company have in common?

The founder of each of these new businesses is getting £40 a week under the Government's year-old Enterprise Allowance Scheme.

The Enterprise Allowance is a cash incentive currently available in five "pilot" areas of the UK aimed at helping overcome what many consider to be a major barrier to self-employment.

The problem for anyone brave enough to make the jump from the dole queue to establish themselves as self-employed

is that he or she automatically loses the social security payments which might well be the only source of income.

This is where the allowance comes in. Realising the early cash pressures on new firms the Government (through the Manpower Services Commission which runs the scheme) has so far committed £5.6m to pay 1,739 men and women £40 a week each for the first 12 months of their new ventures.

The current MSC experiment is in March and there is now growing interest in what will happen next. Backbench Tory MPs like Michael Grylls and other small business lobbyists

will be pushing Ministers to make the scheme available in future throughout the whole country. This would be expensive but it is one small business measure being considered for the Budget.

Meanwhile, with characteristic caution, Whitehall officials say it is too early to judge the scheme's success. What evidence there is, though, suggests that the scheme is a cost effective means of job creation.

Critics, on the other hand, may say that individuals ill-equipped to run their own business will be tempted into ill-fated ventures by the £40 a week enterprise allowance.

Certainly 100 people are understood to have dropped out so far and, since they each had to contribute £1,000 from their own resources to qualify for the scheme, their experience may have been salutary.

The five pilot areas are Coventry, where 422 people have taken up the allowance, the Medway towns in Kent (277), part of North-East Lancashire (566), North Ayrshire in Scotland (211) and Dundee in Wales (249). No explanation is readily available for the scheme's relatively greater popularity in North East Lancashire though the area centred round Burnley

has a lower unemployment rate than the others.

Successful applicants have to have been unemployed for at least three months. Of the 1,739 so far in the scheme 54 per cent have been out of work for over six months and a further 24 per cent for more than a year.

Applicants undergo a "viability test" as such but after contacting their job centre candidates are automatically put in touch with one of the retired businessmen employed as counsellors by the Department of Industry Small Firms Service. Counsellors may advise against a particular project but the final decision rests with the individual.

A Dial-a-Curvy service and a private detective are among other businesses receiving an enterprise allowance and, as an MSC spokesman pointed out, "All human life is there."

Around 35 per cent of the successful applicants are under 25, a third are aged 26 to 34, roughly a quarter are between 35 and 44 and the rest are 45 or over.

The businesses profiled on this page illustrate three ways in which the scheme has been used. As the MSC points out, though, the real test will come once they stop receiving their £40 at the end of 12 months.

Three who took the plunge into: acupuncture; pipes; lampshades

FACED with redundancy from a North West clothing manufacturer this time a year ago, production manager Peter Cragg might easily have chosen his next job with a pin. "I couldn't see any opportunities in the clothing trade so I didn't know what to do," he recalls.

It is therefore appropriate that 48-year-old Cragg now operates an acupuncture clinic from premises just a stone's throw from Burnley Town Hall. His chance came when he saw details of a Japanese-owned

franchise in his local Job Centre—though without the £40 enterprise allowance he admits he would probably not have thought of following it up.

Cragg's clinic opened last October after he had spent several months and £2,000 on training and equipment. Since then he has treated about 100 clients—mostly medical cases rather than slimmers and smokers in search of a cure. Cragg specialises in circular therapy—there are about 200 acupuncture points round the ear

apparently—but he also has a magnetic therapy unit which exposes patients to a pulsed electromagnetic field and "which I couldn't have leased without that extra £40 a week."

"I was in the Medical Corps during National Service but I didn't have any other medical background. I thought acupuncture was a good idea because there would be little competition. I like being self-employed—it's more satisfying than working for someone else, especially when you're getting results."

Bar and Cellar Services puts pipes, refrigeration units and other installations into pubs and restaurants within a 25 mile radius of Coventry. Most big brewers have their own staff to do this work but the Griffiths duo seem to have found a useful niche with tenanted houses and working men's clubs.

Although they started off "very well," orders have slowed down since Christmas. They are, nevertheless, sufficiently confident to be thinking of buying their own stock and moving into wine chilling equipment. There should even be room for an apprentice when father Griffiths finally calls it a day. "I know that Nicholas would not have gone into this without the Enterprise Allowance Scheme," he says.

FOR MUCH of last year Nicholas Griffiths, a 34 year old married man with a young child, picked up £20 a week in social security payments. Today he takes home just £40 a week from the enterprise allowance and supplements this with a further £75 from his new business, Bar and Cellar Services.

Griffiths, a pipe fitter laid off by Scottish and Newcastle Breweries, teamed up last May with his 63 year old father Ronald. Griffiths senior had virtually retired, holding agencies for various products, though these had dried up but he decided on a further lease of working life to lend a hand with the books and marketing.

The answer was a sort of employee buy-out with Miles and Robinson settling up a partnership last July by using their redundancy money to purchase stock. Kent Lighting, as the new enterprise is known, subcontracts manufacture to former workers on a part-time basis and sells its

"WHEN you're the wrong side of 40, where do you go?" Like so many others last year 45-year-old Eugene Miles and 42-year-old Peter Robinson asked themselves this question when the Kent lampshade manufacturing company where they worked closed down.

The answer was a sort of employee buy-out with Miles and Robinson settling up a partnership last July by using their redundancy money to purchase stock. Kent Lighting, as the new enterprise is known, subcontracts manufacture to former workers on a part-time basis and sells its

products from the back of a van.

Miles' hope is that by operating on a much smaller scale and selling more expensive designs to hotels and through smaller retail outlets, their business will succeed. But especially after the Christmas period and with a £5,000 overdraft from the bank to service, the going for Kent Lighting has been rough. "The £40 allowance is well worth having," says Miles. "It's very good to know that the money is coming in, particularly when orders are hard to come by."

'Leave it to member states' says CBI

The CBI feels that within the UK, there is a particular concern that the draft directive will make it uneconomic to employ people part-time if they are to receive the same benefits and rates of pay as full-time employees.

Because of the diversity of SME interests reflected in the wide range of statutory definitions within member countries—the CBI is strongly against a European policy purely for SMEs. Specific issues besides the legislative framework, which the CBI feels deserve consideration include:

Finance. The real problem is not shortage of funds but the poor risk/reward ratio. The EEC should encourage national governments to improve this, as well as making sure SMEs have ready access to existing sources of Community funds.

Taxation. Any attempt to harmonise the level of VAT amongst the member states will reduce the level at which UK firms are entitled to register would be a serious disincentive to people wishing to start up their own business.

Retrograde

Public purchasing. Action to require member countries to retain a certain proportion of public sector contracts for SMEs would be a dangerous and retrograde step. The main effect, argues the CBI, would be to distort free competition and to be divisive between firms. Large public sector contracts, on the other hand, could be broken down and simplified tendering procedures for SMEs could be encouraged.

A good example of the potentially harmful effect, she argues, are the Commission's draft directives covering part-time and temporary work.

"The intentions behind these pieces of legislation are laudable—they are designed to safeguard the rights of such workers and improve their status. However, in practice, the Commission's proposals are likely to reduce substantially opportunities for part-time and temporary work and, unintentionally, contribute to rising unemployment."

T. D.

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Tuesday January 18 1983

Belize still needs aid

THE FOREIGN and Commonwealth Office is being justifiably cautious about the remarks attributed last week to the military ruler of Guatemala to the effect that his country had scaled down its territorial demands on neighbouring Belize. General Efraim Rios Montt says Guatemala is only a fifth of Belize's land area rather than the whole of it.

Such a statement might seem to mark an advance. In reality it is hardly any advance. General Rios Montt gave the impression that he was talking impulsively and the general who seized power in a coup last March may not stay at the top of the greasy pole of Guatemalan politics for much longer.

In fact, Guatemala has no serious ground to claim an inch of Belize's territory.

The position of Belize is an unenviable one. After several centuries as Britain's colony in Central America, the small, poor and lightly populated territory became an independent country in September 1981. It was recognised by all its neighbours except Guatemala and quickly added to membership of the United Nations. With a population of 150,000 and anti-independence forces it was not able to mount the defence capability sufficient to deter a heavily armed Guatemala whose population was 50 times as large as its own. As a consequence Britain undertook to maintain a garrison of British troops in Belize for an unspecified period while a final accommodation was sought with its reluctant neighbour.

Frontiers

Despite a succession of talks involving Guatemalan, Belizean and British officials no formula has been found which would bring Guatemala to recognise Belize and its present frontiers and allow Britain to relinquish the task of defending Belizean territorial integrity.

A new round of talks is to take place later this month at which the British and Belizeans must try and convince the Guatemalan representatives that their country's claims will not prosper and remind them that they stand alone in seeking to annex parts of Belize's territory. The Guatemalans have seen themselves isolated in the UN when they pressed their claim last time. They must be told frankly that they will continue to be isolated if they insist on pressing it.

While patient work continues on the diplomatic front the

practicalities of assuring the defence of Belize must be tackled. In this matter the U.S. occupies a key position. Earlier this month the Reagan Administration decided to resume shipments of weapons to the government in Guatemala City. The wisdom of Washington resuming a regime which has had a bad political record is that of General Rios Montt who already been closely questioned by U.S. legislators. The danger U.S. policy represents for Belize, a small but important oasis of democratic and constitutional government in turbulent Central America, must be brought home more forcefully to Mr Reagan.

Guarantee

In London the open-ended nature of the British settlement of Belize has given rise to some misgiving in the House of Commons select committee on foreign affairs. The fact that the Foreign and Commonwealth Office has not given Parliament the details of the Anglo-Belizean defence agreement has exacerbated that misgiving.

The unease at Westminster cannot be passed over. The response to it should consist in a new effort by Belize, Britain and other countries friendly to the newly independent Central American country to recruit more countries to the force defending Belize's frontiers. Such a force was nearly established before Belize moved to independence. With Belize clearly recognised as a sovereign state the task might be easier this time. A multilateral force could operate under the aegis of the UN provided it was given unequivocal orders to repel any Guatemalan aggression.

Fighting

As the tide of fighting rises in Central America—and nowhere in the region more dangerously in Guatemala itself—the value of Belize as a haven of stability is increasingly clear. Belize's friends must be prepared to go to its assistance if it is threatened with attack by its much stronger neighbour. Canada, in the interests of the U.S., the strongest power in the region, to see the tension between Guatemala and Belize continue. The defence of Belize's borders must be a demonstration that a country's boundaries cannot be changed except through the process of peaceful negotiation.

Managing the police

BRITISH PEOPLE have been rightly shocked by the circumstances in which London policemen shot and critically injured a man in Kensington last week. The event provoked the fear that Britain has taken an unwelcome step towards the gun-toting law and order methods which are associated with steadily worsening violent crime in many American cities.

The main immediate public issue is not how the victim was incorrectly identified, in spite of sophisticated surveillance, as a potentially dangerous fugitive, but why even if he had been the man in question officers involved failed to follow the force's perfectly adequate guidelines on the use of firearms. These state that shots should only be fired either in self-defence or to defend members of the public.

The answer to this question is presumably in the report which will be delivered today to the Director of Public Prosecutions.

Mr William Whitelaw, the Home Secretary, was right to insist yesterday that until the DPP decides whether to engage in a criminal prosecution, further details cannot be made public in the interests of allowing the policemen a fair trial.

Unwelcome

If there is no prosecution, Mr Whitelaw has promised a full report. It may be appropriate at that point to decide whether, as the Opposition demanded prematurely yesterday, an independent figure should be involved in conducting the inquiry. Regrettably the new rules to provide an independent element in the police complaints procedures have not yet completed their passage through parliament.

For Sir Kenneth Newman, who is now in his fourth month as Commissioner of the Metropolitan Police, the incident is an unwelcome addition to the tally of errors or worse which have aroused public concern in the last year. Less sensational than the Buckingham Palace break-in and less complex than the corruption saga of Operation Countryman or the problems of policing the inner city, the

time has seldom been ripe for these and other issues to be openly debated by Sir Kenneth and by the Home Office.

Changes in the way the Met is run will not necessarily prevent shocking mistakes like the Kensington shooting, but they are capable of ridding the force of the sense of malaise which has surfaced too often in recent months.

Debated

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Express way

The revolving door has been whirling at American Express since it bought the big securities firm of Shearson Loeb Rhoades in 1981, and as it turns Shearson men seem to be moving higher into the Amex hierarchy.

Yesterday came the news that Alva Way, the 53-year-old Amex

THE ONSET of what promises to be the biggest trial of strength ever staged on the world's information processing market is prophetically symbolised by two new skyscrapers, soaring from adjacent blocks on Madison Avenue in mid-town Manhattan.

On one corner stands the International Business Machines building, a glass-walled structure trimmed in bottle green. On the other, American Telephone and Telegraph's future headquarters, a stately pink granite pile topped off with a Chippendale pediment. Significantly, perhaps, AT&T's offices are still under construction. But they already reach several feet higher than their next-door neighbour.

For the first time AT&T and IBM, the undisputed champions in their respective classes, are set to compete in the same league. The previously rigid hierarchies between the telecommunications and computer businesses have been erased by technology and by major changes in U.S. policy, leaving the two giants staring eyeball to eyeball.

Neither need feel constrained to pull its punches. The Justice Department dropped its long-standing anti-trust charges against IBM a year ago, when it also settled its case against AT&T. The settlement removed restrictions which had previously stopped AT&T from venturing outside the regulated telephone business.

Both companies insist that they are not gunning for a showdown. "A confrontation with IBM won't happen," says Mr Archie McGill, vice president of business marketing at American Bell, the subsidiary which will spearhead AT&T's drive into unregulated markets. "I have no interest in going head-to-head with IBM. Neither have they."

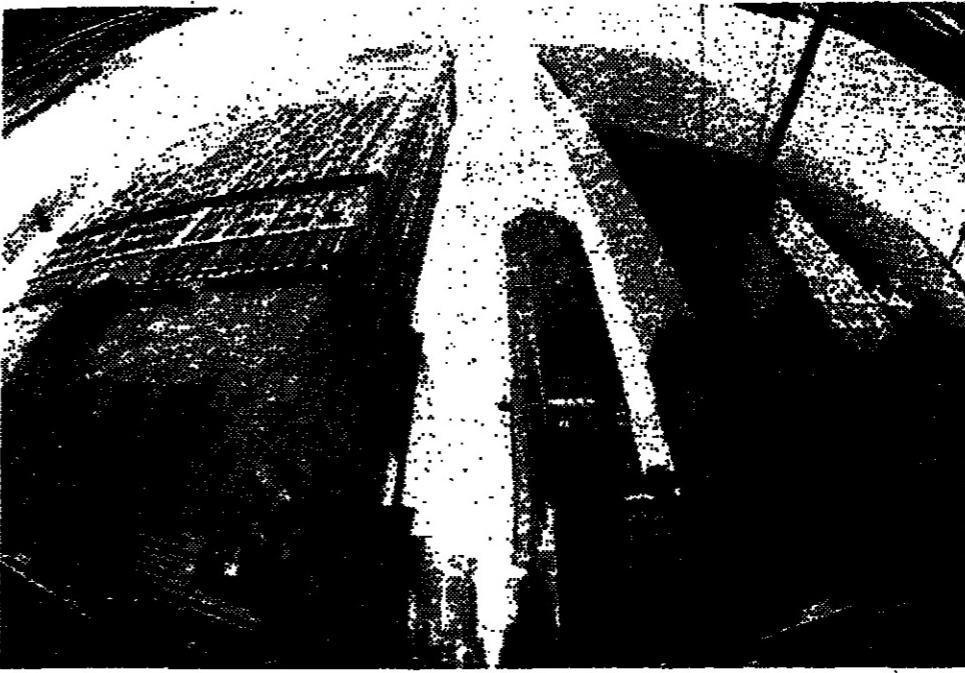
Yet their strategies are converging fast. AT&T clearly wants a share of the data processing market. It is building a nationwide system which will "translate" between different makes of computer and plans to sell a range of small computers and terminals which

America's Communications Revolution: Part 5 IBM and AT&T: now it's eyeball to eyeball

By Guy de Jonquieres



Symbol of a trial of strength to come? The new headquarters of AT & T (left) are just across the street from IBM in New York



can handle both data and voice communications network.

IBM, meanwhile, is broadening its span of telecommunications products. It is developing new private branch exchanges (PBXs) both on its own and in collaboration with Mitel, a fast-growing Canadian equipment manufacturer. It also owns a third of Satellite Business Systems, which operates an advanced satellite

a tightly integrated multinational which does almost half of its business overseas. Its telecommunications system, which provides most of its revenues, is now recognises that the worldwide nature of the information processing business makes an international profile imperative. It is seeking to expand abroad through link-ups with foreign partners, notably the Dutch Philips group.

AT&T, by contrast, has dedicated itself most of this century to operating its local telephone companies early next year, it will be close to IBM in size. Each company is likely to have assets and annual turnover of more than \$30bn. But their outlook on the world and their relative strengths and weaknesses will be very different.

IBM, which today launches its personal computer in Europe, is

estimated to supply less than 40 per cent of new PBX lines installed in the U.S. It now accounts for less than 70 per cent of the total number of lines in use, compared with about 90 per cent in the early 1970s.

The slippage is largely due to lack of competitiveness. AT&T offers PBXs based on traditional analogue technology which are less advanced than the newer digital systems supplied by many competitors.

Moreover, if it has only leased equipment in the past, and the sales prices charged by its rivals have fallen to as little as three-and-a-half times AT&T's annual rental.

AT&T's competitors have

benefited, too, from the backwash of recent sharp increases in its rentals for older switchboards. AT&T may also have deliberately allowed its market share to slip, both to oppose anti-trust enforcers and to bolster its demands for freedom to compete on equal terms.

With the Government anti-trust case out of the way, it will be

able to fight back more aggressively.

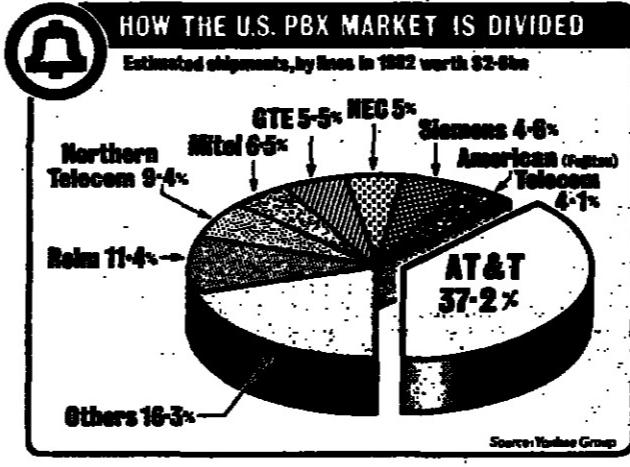
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The need to span the board range of skills and technologies needed for office automation is increasingly pushing companies into tactical alliances. Mitel plans to launch a network with American Satellite, itself a joint venture between Continental Telephone and Fairchild Industries.

In another part of the forest, Digital Equipment is collaborating with Xerox, the copier giant and Intel, the semiconductor manufacturer partly owned by IBM, to promote a joint standard for an office communications network known as Ethernet. Whether the market will be big enough to accommodate all these competing approaches remains to be seen.

Previous articles in this series appeared on January 10 and 12 on this page and on January 11 and 12 in the Management pages where the next article will be published tomorrow.

Competitors are jostling for a share of the market



It is quite possible, for example, that American Bell and Western Electric may compete to sell equipment until the beginning of next year. That gives a head start to American Bell, which earlier this month began to market deregulated products to market.

In the longer run, there is likely to be a lot of confusion.

No sector of the subscriber equipment market is more

Men & Matters

Paris prospect

Having been denied the top spot at the Bank of England, deputy governor Christopher "Kit" McMahon may be beckoned to a job in Paris that would provide rich consolation.

Deputy governors at the Bank traditionally are content to stay out of the limelight and have little aspiration to higher office. It is to be hoped that Sir Kenneth's report will avoid making the promise of appointment to a larger post contingent upon a larger force.

The Met is closer to establishment than for many years, and now needs to deliver something in return, whether it be an improvement in its extremely poor record in solving crime or the more intangible re-establishment of a high-strength general when he retires, probably next year.

McMahon has already built up considerable experience on the international policy circuit through his work on the foreign service at the Bank and his chairmanship of the OECD's working party there on the economic group, which deliberates on balance of payments problems.

His blend of joieulity and sharpness makes him a favourite among Europeans. And most importantly, he would probably have the support of the Americans.

For McMahon's finest hour was in January 1981 when, with the Bank's chief cashier David Somers, he flew to Algiers to help arrange the complex financial deal to free the U.S. hostages in Tehran.

Palliser's news has little to do with the battlefields, however.

He is taking the John Nott route to City stardom. Today he starts work as a member of the board of Samuel Montagu.

Palliser, whose career included a stint as Ambassador to the EEC, joined the Foreign Office in 1947 after serving in the Coldstream Guards.

In his retirement he has made a beeline for business, joining the boards of United Biscuits,

group president, is off to take over a similar role at Travelers Corporation, the insurance-based financial services group. His successor at American Express is to be Sanford Weill, the hard-driving individual who built Shearson from a tiny base through a series of acquisitions in the 1960s and 1970s.

Weill's background is very different from that of James Robinson III, chairman and chief executive of American Express since 1977. Both men are in their late forties. But whereas Robinson, the son of an Atlanta lumber family, practically weaned into the corporate establishment, Weill comes from Brooklyn, and his image is that of a quick-tempered entrepreneur general when he retires, probably next year.

Way departs only some four years after moving into the group from the top financial circuit of the Met in New York and the Prudential in Madrid by promoting its Madrid exhibition with a huge eye-catching hoarding at the entrance.

A light-hearted pastiche of the 17th-century Spanish artist's celebrated work, "The Good Shepherd," the 24 ft by 20 ft canvas was painted in a week by Royal Academician Frederick Gore with the help of two students.

If anyone has a wall big enough to hang it, I am open to offers after the exhibition closes on March 27. It needs to raise £180,000 to pay for the show and sponsor BAT is only prepared to pick up £77,000 of any loss.

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Palliser, whose career included a stint as Ambassador to the EEC, joined the Foreign Office in 1947 after serving in the Coldstream Guards.

In his retirement he has made a beeline for business, joining the boards of United Biscuits, Alva Way, the 53-year-old Amex

low the name changes. The sequence goes like this. The company used the code-name Orion for a project to "face-lift" the Fiesta, the results of which will be shown soon. But the Fiesta name will be retained.

The name Orion, however, will be transferred to a new car, based on the Escort but with a boot. The internal code-name for this so far has been Apollo.

Given the dimensions of national debts these days a top diplomat at a merchant bank should have his hands full.

Art work

The Royal Academy has, for the first time, copied the example of the Met in New York and the Prudential in Madrid by promoting its Madrid exhibition with a huge eye-catching hoarding at the entrance.

"I've decided not to watch breakfast TV. But I'm recording it to watch it tonight."

Meanwhile, the independent producer programme company TV-AM is pitching for advertisers for its forthcoming show.

The enthusiasm of chairman Peter Jay is infectious and occasionally embarrassing.

To draw attention to a test transmission he invited a number of potential advertisers to meet the new programme "on air" at 8 am one day "for an early breakfast."

Some 60 hungry businessmen turned up at the Little Venice studios expecting to partake of a hearty British breakfast while being entertained with a sneak preview.

Jay had, of course, intended them to view at the privacy of their own breakfast tables.

The station canteen was equal to the occasion, however. The unexpected visitors were treated to a full breakfast, champagne, and a chat from Jay.

Over at Ford some executives have become dazed trying to fol-

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BARBADOS INDUSTRIAL DEVELOPMENT CORPORATION

Letters to the Editor

The heart of the problem in the assurance commissions war

From the Chairman,

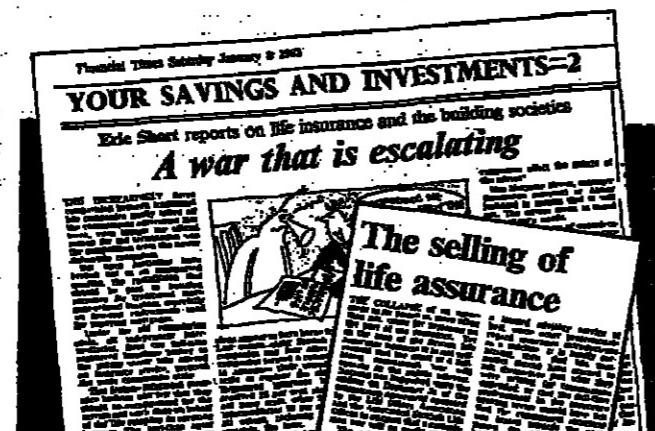
Wider Share Ownership Council.

Sir.—Both your editorial of January 11 and the mounting volume of correspondence on the subject (not confined to the Financial Times) testify to the seriousness of the mess into which the life assurance industry has got itself.

Most of the critics, however, do not seem to be able to see the wood for the trees. They are concentrating on topical essentials, whereas the heart of the problem is that the whole system of payment to "intermediaries" was originally devised from the start; the house is built on sand. The insurance broker or other agent is rightly regarded as—and indeed rightly—as—the agent of the policyholder; but instead of being paid directly and openly by the policyholder as he should be, he is remunerated by a commission the existence and extent of which is concealed in the premium. The flexibility of such payments to which they inevitably give rise cannot but distort the impartiality of the advice and service which the customer is entitled to receive.

The whole nonsense is nowhere better exemplified than in the contention that a new or growing company should be permitted to offer higher commissions (ie bribes) to those who are supposed to be the agents of the insuring public. Insurance brokers should not be exposed to temptations which they can only resist at the cost of restricting revenue. But they themselves, by resisting disclosure, have contributed to the regrettable outcome.

The problem has, of course, been highlighted by the gradual realisation that, ever since the development of the endowment policy after World War I, a growing proportion of life assurance contracts are essentially investments. This has sharpened the contrast with the securities industry, where the practice has been very



different. As every shareholder knows, he pays his stockbroker a commission which is not merely standardised but fully disclosed. The Stock Exchange is a shining example of how disclosure should be considered.

The Life Officers Association, unable to enforce disclosure, strove manfully for years to enforce standardisation. Sadly but inevitably—and undermined by some of their own members—they have failed.

Edgar Palamontain,
Wider Share Ownership Council,
Jason House,
9 St Paul's Churchyard EC4

From Mr H. Lancaster

Sir.—Further to the article by Eddie Shore and the subsequent letter from Mr D. E. Powe (January 6), I would like to ask the life assurance industry, both companies and registered insurance brokers, some pertinent questions.

"Why should anyone other than a full time professionally qualified insurance intermediary receive commission?" If both the insurance companies and the registered brokers wish to improve the image of their industry to the consumer surely this should be a first step. My feeling is that the answer from the insurance com-

panies will be volume or bustness rather than quality, or profitability.

"Why should life commissions be front-and-loaded?" Surely it is time that the commissions were reflected against the massive deduction from his investment should he, due to no fault of his own, have to realise that investment within the early years of effecting a policy.... By paying life commissions on a level annual basis it would overcome that inequity and would attract people into the industry who are not only concerned with quick return.

As would see the value of continuing to provide a service for existing policyholders.

If we were to accept the existence of unqualified intermediaries and a differential commission scale, why should this differential not be used to improve the terms of the policy purchased from a fully qualified professional registered insurance broker? It would appear from recent Press comments that the members of British Insurance Brokers Association are not so concerned with increased commission as with differential remuneration. The life offices appear to accept the fact that there is a difference between a

fully qualified professional registered insurance broker?

It would be interesting to accept the existence of unqualified intermediaries and a differential commission scale, why should this differential not be used to improve the terms of the policy purchased from a fully qualified professional registered insurance broker?

I would add that all insurance brokers, including Lloyd's insurance brokers, are bound by the statutory code of conduct drawn up under the Insurance Brokers (Registration) Act 1977.

Mr Powe's letter does not mention the fact that there is a question of changing the targets or paying bonuses not fully justified under the rules.

Several elements form the pre-conditions for achieving successful results through performance-related pay:

Boldness in implementation, with potential bonuses well

above 20 per cent (and frequently around 50 per cent) of base salary, is essential.

There must be genuine belief in the value of, and commitment to, such incentives from the top (in this case, the Government).

The rules, and the time frame for their achievement, must be clearly understood. There must be no question of changing the targets or paying bonuses not fully justified under the rules.

Many private sector companies in this country are committed to the principle of direct financial incentives for top management. Inadequate, a

suitable bonus system with great success. They have almost always managed to overcome the problem of measuring achievement against defined objectives, even at the most senior levels, and nationalised industries could do the same provided they can be told where the goal-posts are for the current period and can be assured that no one will move them until that period is completed.

C. D. Power,
Brook-House,
113 Park Lane, W1

Setting targets and pay for top people in the public sector

From the Chairman,
Spencer Stuart and Associates

Sir.—It is most encouraging to learn that a working party has put forward a plan for the salaries of chairmen and board members of nationalised industries to be brought into line with those of the private sector. The plan also advocates performance-related pay for the public sector in this field.

Several elements form the pre-conditions for achieving suc-

cessful results through perform-

ance-related bonuses for top management.

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C. D. Power,
Brook-House,
113 Park Lane, W1

The British character and attitudes towards making money

From the Vice President
Simmons and Co International

Sir.—Ian Davidson ("Making money is not quite cricket") and (December 30) rightly questions the conventional wisdoms concerning the "class system" and its responsibility for the lack of economic dynamism in Britain. Living and working in one of the world's more dynamic economies for the past five years I have come to similar conclusions from empirical observation. In the first place a "class system" exists even in an economically dynamic society. As an astute leader of the Houston business community once told me, in Britain the class system is more apparent than real. In the U.S. it is more real than apparent.

In the second place, the "British Establishment" in the very broadest sense of that term not interested in making money, a widespread feeling has been engendered that if one does it must automatically be at the expense of someone else, especially if it is made in a service-related activity. Furthermore, there is a pervasive resistance throughout society to considering even in principle, let alone dispassionately examining the relevant empirical evidence for or against alternative methods of organising society.

Yet I am not sure the British have never really been interested in making money. I have no doubt at all that the Northern industrial entrepreneur in the post-Corn Laws era of the 1850s and 1860s would feel very much in tune with the spirit of Houston once he had fathomed out the freeway system and learned how to use the phone.

Athol W. Henfrey,
Simmons and Co International,
1800 South Tower,
Pennzoil Place,
Houston, Texas 77002

From Mr K. Thomas

Sir.—We all enjoy talking about the matters raised in

Ian Davidson's article (December 30: "Making money is not quite cricket") and in the ensuing correspondence (January 11). It is a socially acceptable form of talking about oneself. May I join in the fun?

Life is pleasanter with a competence than without: I lack personal experience, but I am told this and believe it. What one regards as a competence depends on one's expectations, the time-scale of one's personal decision-taking, and one's planning horizon.

This is relevant to Mr Jefferson's implied statement that the British worker is indecisive and/or unco-operative. During University vacations I several times worked as an unskilled labourer in a factory making uniform metal objects. I soon became aware that foremen and managers had their task made much more difficult than it need be by sheer laziness. Workers on an hourly rate of pay spent much of their time, both in and out of working hours, calculating how much money they had earned that week. When they had earned enough for their weekly needs they ceased to turn up. The fact of absenteeism is undeniable. To the managers, it appeared as quite irresponsible.

The workers, however, were undertaking fairly sophisticated calculations of the trade-off between extra marginal income and additional leisure. Their work was not particularly pleasant but it was extremely boring. Another student working with me in the temporary unskilled gang commented that the point was not that our work was uninteresting, but that there was not one interesting job in the place; the managing director's job would have been an instructive challenge for six months, after which that also would have become boring.

From Mr Thomas

Sir.—None of the many correspondents who have written to you on the British character and attitudes to making money appears concerned about the effect of what Ian Davidson calls "rural nostalgia" on agriculture and the rural economy: on the people born and bred in the

countryside who have to make a living and a profit there.

Every year fresh waves of more or less older people who have actually made money elsewhere arrive in the countryside and immediately start to take it over, the pattern being more marked in the south than the north where local resistance and the existence of larger numbers of owner-occupiers among the farming community tends to act as a brake.

Rural people are forced onto the defensive over the way their own area is run. Farmers are forced onto the defensive by the sometimes fierce and newly-discovered enthusiasm for conservation on the part of people who have arguably "spoilt" the countryside with their industrial operations elsewhere and whose ruthlessly successful application of commercial criteria to their operations has enabled them to become part of a new, genially feudal overlordship.

Rural people, who are often not especially articulate, are actively discouraged from home-building or any entrepreneurial activity that might help them improve their income or simply their quality of life. The result is that the countryside is becoming increasingly suburbanised in the interests of "rural nostalgia" by people who have no genuine stake in it.

The basic attitude has never been more delightfully encapsulated than in my own native heath of Cumbria, where a few years ago the National Park special planning board, rejecting an application to convert a ruined barn into a farm dwelling, said such a move would obviously be "injurious to the visual amenities" and would inevitably result in "signs of

Peter Wood,
Newbold Farm,
Dunscombe Abbotts,
Cirencester.

UK graduates in textile design who wish to work abroad

From the Chairman,

The Custard Company.

Sir.—The wish of many gradu-

ates taking place in Great Britain, mainly among distributors and chain stores, who are trying to encourage young technicians and designers to work in their organisations to guide suppliers to be more creative and still keep within the parameters of price which enable them to develop mass production.

The development of small craft industries seems to be growing here as elsewhere and hopefully many young designers will be able to be more fulfilled than previously. The Textile Institute has also made very real efforts to try and re-appraise where technologists can develop

and encourage industry to take more designers.

The industry has always existed between a master craftsman designer and the artist. The technical designer has, for so long not the flair of creative ideas and the artist/designer has not the training and discipline of the technical discipline in order to be successful. Often the new young designer is a college of design produces more creative ideas than at the end of a course when he or she has been disciplined to mastering techniques/technologies.

The Italians however, seem to have small units producing beautiful new yarns, very

accurate screen printing with gilded colourists, all in proximity to each other, the one stimulating the other. The artists then through the needs of consumers in small towns wear something different from their neighbours put pressure on design creativity at a level which is unthinkable today in this country of chain stores, virtually dominating every shopping centre in this country, and consumers limited desire for high quality fashion, although fortunately this seems to be altering.

C. N. Nathan,
The Custard Company,
231, Oxford Street, W1.

The vultures are gathering

By Reginald Dale in Washington



Reginald Dale

By far the most serious "disarray" has been over the Cabinet. Two of the resigning Cabinet officers have not gone as a matter of principle, but because they feel that they have done their time in Washington and want to go to more money in the private sector. Opinion polls can change, and the shake-up of the arms control establishment, though disquieting to many, is a sideshow in terms of who is really running the country.

What is alarming about the

sudden deluge of Budget

criticism that he has encountered in two years of office.

His adversaries have gone so far as to suggest that his Administration is tumbling helplessly out of control in the manner of the late doomed Soviet space satellite, and, like Cosmos 1402, breaking apart as it came down to earth.

Mr Reagan has been hurt and annoyed by the accusations, usually aimed at him, of being a "disarray," which he regards as both inaccurate and unfair. Most of all, he is upset by suggestions that he is no longer in control of a White House manned by a coterie of feeding officials who may scant respect to his views and are increasingly trying to take what ought to be his own decisions

given with regard to disclosure of communications.

He is using the services of an insurance broker (an individual who is, or is contemplating becoming, the holder of a United Kingdom policy) has a statutory right to ask and he told the amount of commission paid by the insurance company "under any relevant policy of insurance." This facility is by reason of the statutory code of conduct drawn up under the Insurance Brokers (Registration) Act 1977.

I would add that all insurance brokers, including Lloyd's insurance brokers, are bound by the statutory code and are also answerable by way of the disciplinary proceedings laid down under the Act.

Francis Perkins,
Insurance Brokers Registration Council,
15, St Helen's Place, EC3.

Drew Lewis at Transport and

Mr Richard Schweiker at Health

and Human Services, both to be replaced by women. But there has been no sign of the carefully planned Cabinet reshuffle, promised at mid-term.

Mr Reagan's style of leadership, in the past as governor of California and now in the White House, has never been to get involved in the minutiae. He prefers the role of a political chairman of the board of directors, presiding over what he runs again in 1984.

He has sacked his arms control chief, Mr Eugene Rostow, causing alarm and confusion over his intentions towards negotiations with the Soviet Union.

He has given an impression of indecision amounting almost to desperation over his Budget policy.

All this at a time when the

Democrats, sensing a new mood

of disaffection in the country

following November's mid-term elections, are planning to seize

the initiative in Congress, and the balance of power looks to be tilting back towards Capitol Hill and away from Mr Reagan's White House. His own Republicans are looking increasingly anxious towards the 1984 election, and growing restive over his continuing failure to clarify whether or not he plans

to seek a second term.

The result has been a public

display of presidential detachment and indecision. Only

hours before his Budget was

to be sent to the printers, Mr Reagan was ably telling

reporters that many of the

major decisions had not been

made. The overwhelming im-

pression was that the President

simply did not know what to do.

Of course, it is easier to pick

on a President's decision-making

style when things are going

wrong. The continuing failure

of economic recovery to mater-

ialise has not only thrown

his overall economic

strategy and played havoc with

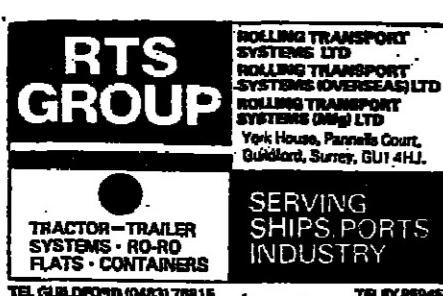
his Budget. Record post-war

unemployment and the social

hardships that are still gripping

the nation have increased the

pressure on him to take a hand.



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday January 18 1983



French banks adopt informal loan queue

BY DAVID MARSH IN PARIS

FRANCE'S nationalised banks are consulting more frequently with the Finance Ministry about the timing of their increasingly frequent fund-raising loans on the international capital markets.

But officials at the Treasury fears in some banks, the Government is not bringing in any formal system to regulate bank borrowing abroad along the lines of the "queue" operated for other public-sector borrowers.

French public-sector institutions, borrowing with a state guarantee, raised a total of \$10bn in publicised bond issues and credits on the international capital markets last

year. To this was added \$2.5bn in bond issues and floating-rate notes by the banks (a six-fold increase from 1981, when the figure was only \$500m), and the \$1bn Euromarket credit arranged for the Republic last October.

Together with other borrowing such as the recently-arranged credit line with Saudi Arabia, and diverse private and public-sector operations, total French borrowing abroad last year may have been as much as \$25bn, according to estimates circulating widely in Paris.

The French banks which regularly borrow on the Euromarket have started 1983 with a bang. Banque Indosuez, Banque Nationale de Paris, Crédit Agricole and Crédit Lyonnais have launched issues in quick succession over the past month.

Officials say banks preparing bonds regularly contact the Treasury for guidance about other possible issues to avoid "collisions". But they say that the banks are under no obligation to keep the Treasury informed, nor do they have to abide by its suggestions about timing.

This suggests that the crisis is beginning to hit the banks themselves - which have as much interest as the Treasury in avoiding undue "bunching" of issues and a weakening of their credit rating - to work out a self-policing system.

Security Pacific records eighth successive year of profit growth

BY PAUL TAYLOR IN NEW YORK

SECURITY PACIFIC Corporation, the parent company of the tenth largest bank in the U.S., yesterday reported sharply higher fourth quarter and full year earnings.

Income before security transactions in the fourth quarter increased by 28 per cent to \$68.5m or \$2.28 a share from \$53.6m or \$1.80 a share in the 1981 period. This helped full year operating income post a 13 per cent increase from \$207.2m or \$7.08 a share to a record \$224.3m or \$7.83 a share.

Securities gains and losses were not significant in either the quarterly or full year results.

Mr Richard Flanson, chairman, said the results represented the eighth successive year of strong profit growth for the bank and added "these record earnings were achieved in spite of significant uncertainties in the world economy, a situation which we expect to see continue throughout 1983."

Security Pacific, which recently acquired a 28.8 per cent stake in

Hoare Govett, the UK stockbroker, and has been moving aggressively into the discount brokerage business in the U.S., was helped in the fourth quarter and full year results by the sale of the headquarters buildings of its 69 per cent owned subsidiary, the Bank of Canton.

This sale resulted in a pre-tax gain of \$50.5m offsetting an acceleration of loan charge-offs, a significant build-up in credit reserves and other expense items," Mr Frank Cahouet, the company's vice chairman and chief financial officer, said the sale added about 4 per cent to earnings for the year.

Net interest income for the year increased by 18 per cent to \$1.126bn from \$969.6m.

A 20 per cent increase in fourth quarter net interest income to \$295.7m over the same period in 1981 came despite a substantial increase in non-performing loans.

These loans totalled about \$860m at the end of the year compared with \$33m at the end of 1981 and

\$553m at the end of the third quarter. Most of this increase in the fourth quarter "resulted from placing certain international credits on a non-performing status," the bank said.

The bank's reserve for credit losses was also increased significantly. The provision was \$65.4m for the final quarter compared with \$14.9m in the same period in 1981 and \$37m for the third quarter.

For the year the provision totalled \$162.4m compared with \$72.1m in 1981. At the end of the year the reserve for total credit losses was \$252.6m or 1.13 per cent of total loans compared with \$111.3m or 0.97 per cent of total loans at the end of 1981.

Net credit losses in the fourth quarter of 1981 resulted in an annual total of \$98.1m compared with \$44.2m in the previous year. The \$53.4m increase included a \$3.2m increase in gross charge-offs and a \$18.2m decrease in recoveries.

Takeover for Data Terminal

By Our Financial Staff

DATA TERMINAL Systems, the second largest maker of electronic cash registers and point of sales equipment in the U.S. after NCR, has agreed to a takeover by National Semiconductor, the U.S. electronics components and computer group.

The deal approved by both companies' boards has two parts. In the first National Semiconductor will pay \$8 a share cash for up to 4.3m Data Terminal common shares, or about two-thirds of the total. In the second stage holders of the remaining shares will receive \$7.25 a share. The deal values the company at about \$56m.

Olivetti, the Italian office equipment company, has a stake of 12 per cent in Data Terminal. There was no immediate comment on the deal from Olivetti which had bought into Data Terminal to strengthen its U.S. presence. It also sells the U.S. company's products in some European countries.

Data Terminal reported a loss of \$16.7m on sales of \$122m in 1981, reflecting the weak economy. Demand from its major customers, the food and retail industries, collapsed just when the company had embarked on a major expansion programme.

The company has cut costs but a substantial although lower loss for 1982 is forecast by Wall Street analysts.

Mr Warren Tyler, president of Data Terminal, said: "The technological and financial resources of National Semiconductor will give our customers, distributors and dealers the added confidence they need to commit themselves to our products."

U.S. Home moves back to profit as starts rise

BY OUR FINANCIAL STAFF

U.S. HOME Corporation, the largest private home builder in the U.S., returned to the black in the fourth quarter of last year, and has achieved a modest increase in profits for 1982.

The fourth quarter increase is a result of lower U.S. interest rates which have eased the burden on mortgage finance and boosted home starts.

In the final period, the group showed a profit of \$5.6m or 38 cents a share against the previous year's loss of \$8.9m or 60 cents on revenues up more than 16 per cent to \$22.2m against \$19.1m.

The profit also represent a significant improvement on the first three quarters of the year. While the third quarter was slightly ahead, the second quarter was

sharpely down, and the first quarter showed a deficit.

U.S. Home has been subsidising home buyers' financing costs in order to boost flagging sales earlier in the year, and despite this sales fell 18 per cent in the first nine months of 1982.

For the whole of 1982, U.S. Home net profits moved ahead nearly 21 per cent from \$10.02m or 68 cents a share to \$12.1m or 75 cents a share on sales down 12 per cent from \$68.2m to \$64.2m. The results include a gain of \$2.03m or 12 cents a share from the exchange of stock for debt, against a gain of \$3.23m or 22 cents a share in 1981.

The increase comes despite a 3 per cent decline in new orders for 1982 13,655 from 13,458 in 1981.

Chevron to sell Belgian refinery

BY RAY DAFTER IN LONDON

CHEVRON, an operating arm of Standard Oil of California, is negotiating the sale of its oil refinery at Fehu, Belgium, which was shut down late last year.

The move is part of a much broader refinery rationalisation being undertaken in Europe by Chevron and the oil industry in general.

Last week, Gulf Oil, another major U.S. group, confirmed that it was willing to dispose of all its loss-making downstream operations in Europe, including refineries, petrochemicals and marketing operations.

Chevron Oil Europe said it was negotiating through an intermediary with an unknown prospective buyer for the sale of the 160,000 barrels a day (b/d) refinery at Fehu, also in Italy.

The company has interests in three other refineries in Europe: a 68 per cent stake in a 280,000 b/d plant at Pertini, near Rotterdam; a 32.5 per cent interest in an 85,000 b/d refinery at Rouen; and a 28 per cent stake in a 240,000 b/d refinery at Treccate, also in Italy.

Total sales were up by SwFr 200m (\$16.8m) in 1982 to a record SwFr 13.8bn. The modest growth rate was partly the result of the strength of the Swiss franc, with sales rising by some 8 per cent in local currencies.

Business suffered from the recession. Difficult market conditions were experienced by the dyestuffs and chemicals division, whose Swiss-franc sales dropped 2 per cent to SwFr 2.13bn, and the plastics and additives division, where sales fell off by 1 per cent to SwFr 2.58bn.

The Airwick division's sales fell by 4 per cent to SwFr 880m. The Ford group saw a sales decline of 10 per cent to SwFr 420m and the electronic equipment division, a 1 per cent fall to SwFr 408m.

Despite what the company calls restrictive government measures - such as pressure on prices and intervention in prescribing practices - the pharmaceutical division lifted sales in 1982 by 3 per cent to SwFr 4.08bn.

A 2 per cent increase, to SwFr 3.45bn, was registered by the agricultural division.

Improved profit for Ciba-Geigy

BY JOHN WICKS IN ZURICH

CIBA-GEIGY, the Swiss chemical group, said yesterday its earnings improved again last year despite a rise of only 1 per cent in consolidated sales. No figure was given for the profits in consolidated sales.

In 1981, group profits jumped by 71 per cent to SwFr 521m (\$26.9m) after a 14 per cent sales increase.

The earnings growth is attributed by Ciba-Geigy Basel, the parent company, to the satisfactory performance of the biological divisions and above all to re-structuring and rationalisation over the past two years.

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Two forest groups see signs of upturn

By Richard Lambert in New York

TWO MAJOR forest product groups yesterday indicated that business conditions were beginning to improve after what they described as the most adverse period for their industry in modern history.

Officials say banks preparing bonds regularly contact the Treasury for guidance about other possible issues to avoid "collisions". But they say that the banks are under no obligation to keep the Treasury informed, nor do they have to abide by its suggestions about timing.

This suggests that the crisis is beginning to hit the banks themselves - which have as much interest as the Treasury in avoiding undue "bunching" of issues and a weakening of their credit rating - to work out a self-policing system.

BRITISH COMPANIES ADVISED TO 'HAVE A GO'

Eurobonds attract Allied-Lyons

By ALAN FRIEDMAN IN LONDON

"I THINK more British companies should make use of the Eurobond market. The thing to do is to take courage in your hands and have a go."

This advice comes from Mr John Clemes, chairman of the influential "Hundred Group" of British corporate finance directors and a man very satisfied indeed with his own recent forays into the Eurobond market.

For Mr Clemes is also finance director of Allied-Lyons, the brewery-to-foods group which started the New Year with a \$75m 8-year 11% per cent Eurobond, its first in the dollar sector and a rare appearance by a British company.

Markets for pulp, paperboard and some paper-based products appeared to have stabilised, although most were expected to remain relatively weak for at least several months.

The rapid strengthening of the yen against the dollar had restored significant competitive strength in serving Japanese markets, which remained accounted for about 15 per cent of the group's total sales.

Weyerhaeuser's sales for the year fell from \$4.5bn to \$4.2bn and its net income dropped to \$169m or \$1.12 a share, compared with \$228m or \$1.83 a share.

Reporting earnings for the fourth quarter were \$56m or 38 cents a share, compared with \$48m, or 30 cents a share a year earlier. The latest period included a net credit of 49 cents a share from non-operating items.

Belo Cascade's sales in 1981 dropped from \$3.1bn to \$2.9bn and its earnings slumped from \$120.1m or \$4.50 a share, to \$7.3m or 26 cents a share. The group recorded a small loss at the pre-tax level - which was offset by a tax credit.

The earnings of 24 cents a share in the final quarter were boosted by a tax benefit and a change in actuarial assumptions covering the group's pension provision, but the period also took in a foreign exchange loss.

The group's paper business was especially hard hit in the final quarter, with weak demand for pulp and paper and falling prices for several major products.

Mr John Fery, Boise's chairman and chief executive, said that business conditions were still severely depressed and would probably remain so through the first quarter of 1983.

But he added that a continued modest improvement in home construction should lift the group's building materials activities. He said that the paper business appears to have hit bottom, and was likely to improve gradually as the economy strengthened.

For the whole of 1982, U.S. Home net profits moved ahead nearly 21 per cent from \$10.02m or 68 cents a share to \$12.1m or 75 cents a share on sales down 12 per cent from \$68.2m to \$64.2m. The results include a gain of \$2.03m or 12 cents a share from the exchange of stock for debt, against a gain of \$3.23m or 22 cents a share in 1981.

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The 1981 dividend was 11 per cent, unchanged from the previous year. Group external sales at about Nkr 3.7bn (\$500m) were only slightly less than a year earlier when they stood at Nkr 3.8bn.

A preliminary report says that operations in 1982 are expected to show a result before year-end appropriations of "close to zero" compared with a profit of Nkr 151.2m in 1981. The steep decline reflects heavy losses in the second half of last year by the group's Sulphite cellulose plant at Sarpsborg, in East Norway.

The company has interests in three other refineries in Europe: a 68 per cent stake in a 280,000 b/d plant at Pertini, near Rotterdam; a 32.5 per cent interest in an 85,000 b/d refinery at Rouen; and a 28 per cent stake in a 240,000 b/d refinery at Treccate, also in Italy.

The Airwick division's sales fell by 4 per cent to SwFr 880m. The Ford group saw a sales decline of 10 per cent to SwFr 420m and the electronic equipment division, a 1 per cent fall to SwFr 408m.

Despite what the company calls restrictive government measures - such as pressure on prices and intervention in prescribing practices - the pharmaceutical division lifted sales in 1982 by 3 per cent to SwFr 4.08bn.

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Companies
and Markets

INTL. COMPANIES & FINANCE

This advertisement appears as a matter of record only.

Corporación Nacional
del Cobre de ChileU.S. \$305,000,000
Medium Term Loan

provided by

Bank of America NT & SA The Bank of Tokyo, Ltd.

The Chase Manhattan Bank, N.A. Chemical Bank Commerzbank International
Société Anonyme

Continental Illinois National Bank and Trust Company of Chicago

Deutsch-Südamerikanische Bank AG. The Industrial Bank of Japan, Limited
(Dresdner Bank Group)

Manufacturers Hanover Trust Company Morgan Guaranty Trust Company of New York

Citibank, N.A. Libra Bank Limited Marine Midland Bank, N.A.

The Mitsubishi Trust and Banking Corporation Swiss Bank Corporation

Union Bank of Switzerland Banca Nazionale del Lavoro New York Branch

Banco Cafetero, S.A. (Panama) Bankers Trust Company Irving Trust Company

Mellon Bank The Mitsui Trust and Banking Co., Ltd. National Bank of North America

J. Henry Schroder Bank & Trust Company J. Henry Schroder Wagg & Co. Limited

December, 1982

*This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.
It does not constitute an offer of, or invitation to the public to subscribe for or to purchase, any securities.*

U.S. \$200,000,000

GMAC Overseas Finance Corporation N.V.

(Incorporated in the Netherlands Antilles).

10½% NOTES DUE FEBRUARY 1, 1990

Payment of principal and interest unconditionally guaranteed by

GENERAL MOTORS ACCEPTANCE CORPORATION

(Incorporated in the State of New York, U.S.A.)

The following have agreed to subscribe for the Notes:

MORGAN STANLEY INTERNATIONAL

ALGEMENE BANK NEDERLAND N.V.
BANK OF AMERICA INTERNATIONAL
Limited
BANQUE GENERALE DU LUXEMBOURG S.A.
COMMERZBANK AKTIENGESELLSCHAFT
CREDIT SUISSE FIRST BOSTON
Limited
MANUFACTURERS HANOVER
Limited
NOMURA INTERNATIONAL
Limited
SOCIETE GENERALE
UNION BANK OF SWITZERLAND (SECURITIES)
Limited

AMRO INTERNATIONAL
Limited
BANK BRUSSEL LAMBERT N.V.
BANQUE NATIONALE DE PARIS
CONTINENTAL ILLINOIS CAPITAL MARKETS GROUP
DEUTSCHE BANK AKTIENGESELLSCHAFT
MERRILL LYNCH INTERNATIONAL & CO.
SALOMON BROTHERS INTERNATIONAL
SWISS BANK CORPORATION INTERNATIONAL
Limited
WOOD GUNDY
Limited

The Notes, in the denomination of U.S.\$5,000 issued at 99 per cent., have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Note. Interest is payable annually in arrears on February 1, commencing on February 1, 1984.

Particulars relating to the Notes are available from Exel Statistical Services Limited and may be obtained during normal business hours on any weekday (Saturdays excepted), up to and including February 1, 1983 from the brokers to the issue:

Cazenove & Co.,
12 Tokenhouse Yard,
London
EC2R 7AN.

January 18, 1983

U.S. \$25,000,000



Bergen Bank A/S

(Incorporated in the Kingdom of Norway with limited liability)

Floating Rate Capital Notes Due 1991

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 17th January, 1983 to 18th April, 1983 the Notes will carry an Interest Rate of 9 1/2% per annum and the Coupon Amount per U.S. \$1,000 will be U.S. \$23.07.

Credit Suisse First Boston Limited
Agent Bank.

PRI VREDNA BANKA
ZAGREB
("the Bank")
U.S. \$50,000,000
Floating Rate Notes due 1984
("the Notes")
(a) Credit Lyonnais is Fiscal Agent
of the Bank. The Notes has received payment of U.S.\$5,000,000.
(b) The Bank has advised Credit Lyonnais that the due date
for payment in respect of the Notes
will be paid to Credit Lyonnais in
that shortest time.
(c) A further notice will be published.
CREDIT LYONNAIS
Fiscal Agent
26 A Boulevard Royal
Luxembourg

Kingdom of Sweden
U.S. \$150,000,000 Floating Rate
Notes Due January 1995
For the six months 14th January
1983 to 14th July 1983 the Notes
will carry an interest rate of 9 1/2%
per annum with a Coupon Amount
of U.S.\$11,69.62.
Bankers Trust Company,
London
Fiscal Agent

The Royal Bank
of Scotland plc
U.S.\$75,000,000 Floating
Rate Capital Notes
due 1986 to 1994
For the three month
period January 14th 1983
to April 14th 1983, the
Notes will bear an
interest rate of 9% per
annum. Interest payable
on April 14th 1983.
Bankers Trust Company,
London

Note: Copies of the Annual
Report and Accounts of The
Royal Bank of Scotland plc
and The Royal Bank of
Scotland Group plc can be
obtained at 24 Lombard Street,
London EC2V 9BA.

Our Johannesburg Correspondent reports on the collapse of a high-flying take-over specialist

Bubble bursts for Magnum

MAGNUM, once one of South Africa's high-flying take-over groups, has, since its collapse, become the centre of a spreading financial scandal.

At present a judicial inquiry into what is being called the Magnum affair is sifting in cameras several large corporations are embroiled through their lending to the company, and the role of one of the merchant banks involved in its take-over operations is being publicly questioned.

The affair has its origins in late 1981 when Mr Martin Summerley, chairman and key force behind the Magnum group, attempted to raise R5m (\$4.8m) through a private issue of shares by his private carrier Magnum Airlines. The offer was poorly received by investors and withdrawn.

In early 1982 Mr Summerley's master company, Magnum Financial Holdings, sold the airline. At about the same time R4.4m was paid for a 56 per cent share of L.L. Back, a quoted shell company.

Magnum bought L.L. Back at a price equivalent to 8.18 cents per share, a premium of 2 cents per share over the company's net worth. However, few minority shareholders accepted the offer as the shares were then quoted at a much higher level.

Through its L.L. Back purchase Magnum acquired control of R6.3m in liquid assets in exchange for a R4.4m investment. It was also able to use the company as a vehicle to get Magnum Finance and Investment, a subsidiary of the holding company, listed on the stock exchange.

With the cash from L.L. Back plus some regular bank loans

purchases. It also, allegedly, began to receive funds from the South African Bank of Athens (which is controlled by the National Bank of Greece) through the assistance of one of the bank's senior executives who now faces charges of who now faces charges of

fraudulent handling of its

acquired company's own funds

can be used to pay for its

purchase. It is now being alleged

that Magnum were attempting

to circumvent these provisions

in its Javcor operation.

A little later Magnum moved

to try to acquire the Group Five

Construction company, Magnum

business, and motor dealer, bought Group Five shares

and the bank tried to stop payment of its own cheque to Hobbs in the national press, that they would receive a share offer comparable with that made to the majority.

South African company law limits the extent to which an acquired company's own funds can be used to pay for its purchase. It is now being alleged that Magnum were attempting to circumvent these provisions in its Javcor operation.

A little later Magnum moved to try to acquire the Group Five Construction company, Magnum

business, and motor dealer, bought Group Five shares

and the bank tried to stop payment of its own cheque to Hobbs in the national press, that they would receive a share offer comparable with that made to the majority.

The list of creditors is long and according to the liquidators the losses of the Magnum group could total anywhere between R50m and R60m. Major known creditors include transport company Patoce, which is owed R3m and the South African Broadcasting Corporation owed R1m. These and others believe that they have claims against the South African Bank of Athens.

UAL, which is the merchant banking arm of the Nedbank group, faces claims estimated at up to R12m. The bank lent R6.8m to Magnum against a pledge of shares in both Group Five and Northern Free State Motors. There is now a dispute as to whether or not this pledge made more than six months prior to the group going into liquidation, is covered by the "undue preference" provisions of the companies act and therefore invalid.

Finally, several minority shareholders in the now-suspended and bankrupt Javcor are threatening to seek redress from UAL over the failure to make the once-promised bid.

At present the whole Magnum affair is under investigation by a committee set up under South Africa's Companies Act. The proceedings are in camera. However, Mr Summerley and his deputy Mr Derek Pennington have, at the request of the police, surrendered their passports to the attorneys. All the remaining group companies are being liquidated, with the exception of the life assurance operations which were taken as security for a loan by Rand Merchant Bank.

*This advertisement complies with the requirements of the Council of The Stock Exchange.
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Nippon Telegraph & Telephone
Public Corporation

(Incorporated in Japan)

U.S. \$50,000,000

10½% Guaranteed Notes 1990

Unconditionally and irrevocably guaranteed as to payment of principal and interest by
Japan

The following have agreed to subscribe to the Bonds:

MORGAN GUARANTY LTD

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BANQUE PARIBAS

CREDIT SUISSE FIRST BOSTON LIMITED

DEUTSCHE BANK AKTIENGESELLSCHAFT

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IBJ INTERNATIONAL LIMITED

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SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED

S. G. WARBURG & CO. LTD.

The Notes, issued at 100 per cent. plus accrued interest, in denominations of U.S.\$5,000 have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of a temporary global Note. Interest on the Notes is payable annually in arrears on January 31, commencing January 31, 1984. Particulars of the Notes and the issuer are available in the Exel Statistical Service and may be obtained during usual business hours up to and including January 31, 1983 from:

Cazenove & Co.
12 Tokenhouse Yard
London EC2R 7AN

Morgan Guaranty Ltd.
30 Throgmorton Street
London EC2N 2NT

January 17, 1983

CADO Systems Corporation

has been acquired by

Continental Telecom Inc.

The undersigned initiated this transaction, assisted in the negotiations leading to its conclusion, and acted as financial advisor to CADO Systems Corporation.

L.F. ROTHSCHILD, UNTERBERG, TOWBIN

January 6, 1983

Financial Times Tuesday January 18 1983

INTL. COMPANIES and FINANCE

EDF issue goes ahead

By ALAN FRIEDMAN IN LONDON

ELECTRICITE DE FRANCE, the French utility, yesterday followed last week's flood of \$3bn in new dollar bonds with its own \$300m floating rate Eurobonds plus warrants, to purchase fixed-interest bonds.

Although the Eurobond market's new issue sector was heavily burdened by last week's paper, and was described by a leading banker last night as "a battlefield with plenty of wounded," Morgan Guaranty decided to go ahead with the \$300m EDF issue anyway.

The new issue matures in 12 years, is priced with interest payable at 4% per cent over the six-month London interbank rate and carries a 5% per cent minimum coupon.

Investors may redeem the floating rate notes after the seventh and ninth years at par. There are also 150,000 warrants, which enable

noteholders to purchase 10% per cent 1993 bonds during the next 12 months.

Each floating rate note, denominated in \$10,000 sections, carries five warrants. The warrants may be exercised at any time during the next year, but if they are used within six months investors obtain a discount and may purchase the bonds at 98; otherwise the price will be par.

By last night the warrants were being quoted in the pre-market at between \$17 and \$18 each. The market's reception to the EDF deal was said to be reasonable, though not enthusiastic.

This is not surprising given the weight of \$3bn of new dollar issues from last week. The Eurodollar bond market is catching its breath now-in order to reassess matters.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for January 17.

U.S. DOLLAR STRAIGHTS		Issue	Ed.	Offer	Change on day	Yield	New York Straights	1982	1983	1984	1985	1986	1987
Amer Life 15/86/97		150	119%	111%	-1%	10.50	150	127%	128%	+1%	+1%	+1%	+1%
Amer Fin 14/86/89		75	125%	125%	+1%	11.00	75	120%	120%	+1%	+1%	+1%	+1%
Amer Bank 12/85		200	100%	100%	-1%	11.00	200	100%	100%	+1%	+1%	+1%	+1%
B.W. Tropicana 12/85		100	115%	115%	-1%	11.00	100	115%	115%	+1%	+1%	+1%	+1%
Bl. Measured 14/2/87		100	115%	115%	-1%	11.00	100	115%	115%	+1%	+1%	+1%	+1%
British Cdr Hyd 15/4/85		200	111%	111%	-1%	11.00	200	111%	111%	+1%	+1%	+1%	+1%
British Cdr Hyd 15/4/82		150	115%	115%	-1%	11.00	150	115%	115%	+1%	+1%	+1%	+1%
Canadian Natl 12/85		175	105%	105%	-1%	11.00	175	105%	105%	+1%	+1%	+1%	+1%
Can Pac Ltd 17/4/86		50	99%	99%	-1%	11.00	50	99%	99%	+1%	+1%	+1%	+1%
Can Pac Svc 15/86/89		75	107%	107%	-1%	11.00	75	107%	107%	+1%	+1%	+1%	+1%
Candy Corp 12/85		100	115%	115%	-1%	11.00	100	115%	115%	+1%	+1%	+1%	+1%
Coca Cola Int 11/86/89		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Credit Suisse 10/4/88		100	101%	101%	-1%	10.10	100	101%	101%	+1%	+1%	+1%	+1%
Deutsche Bnk 14/4/86		150	100%	100%	-1%	11.00	150	100%	100%	+1%	+1%	+1%	+1%
Du Pont 14/4/85		150	101%	101%	-1%	11.00	150	101%	101%	+1%	+1%	+1%	+1%
E.C.D. 10/4/86		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
E.D.F. 12/85		150	103%	103%	-1%	11.00	150	103%	103%	+1%	+1%	+1%	+1%
E.E.C. 11/2/85		200	95%	95%	-1%	11.00	200	95%	95%	+1%	+1%	+1%	+1%
E.I.L. 10/4/85		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Eisenmann 14/4/89		50	107%	107%	-1%	11.00	50	107%	107%	+1%	+1%	+1%	+1%
Fcp Corp 17/4/87		100	102%	102%	-1%	11.00	100	102%	102%	+1%	+1%	+1%	+1%
Forsmarks 11/4/82		100	102%	102%	-1%	11.00	100	102%	102%	+1%	+1%	+1%	+1%
Gaz de France 12/4/83		175	20%	21%	-1%	11.00	175	20%	21%	+1%	+1%	+1%	+1%
Gaz de France 12/4/82		175	19%	19%	-1%	11.00	175	19%	19%	+1%	+1%	+1%	+1%
Gaz de France 12/4/81		175	19%	19%	-1%	11.00	175	19%	19%	+1%	+1%	+1%	+1%
Gaz de France 12/4/80		175	19%	19%	-1%	11.00	175	19%	19%	+1%	+1%	+1%	+1%
GMAC 0/5/Fin 15/87		100	100%	100%	-1%	11.00	100	100%	100%	+1%	+1%	+1%	+1%
GMAC 0/5/Fin 15/86		125	100%	100%	-1%	11.00	125	100%	100%	+1%	+1%	+1%	+1%
Gold Oil Fin 12/4/87		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Gulf Oil Corp 12/4/82		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Hewlett-Packard 12/4/82		200	105%	105%	-1%	11.00	200	105%	105%	+1%	+1%	+1%	+1%
Honeywell 12/4/82		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
I.M. Pei 12/4/82		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Imperial Dist 12/4/82		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Inland Steel 12/4/82		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/82		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/81		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/80		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/79		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/78		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/77		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/76		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/75		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/74		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/73		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/72		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/71		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/70		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/69		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/68		100	105%	105%	-1%	11.00	100	105%	105%	+1%	+1%	+1%	+1%
Int'l Paper 12/4/67		100	105%	105%	-1%	11.0							

UK COMPANY NEWS

S. & W. Berisford profit up to £55m—payment lifted

ENLARGED BY the full ownership of British Sugar, the S. & W. Berisford group has achieved a profit before tax of £54.7m for the year ended September 30 1982, an increase of 34.9 per cent over the previous 12 months. The dividend, in the forecast 8p net, compared with 7.5p, the final being 6p.

In commodity merchandising the contribution to trading profit rose to £40.5m and represented a considerable achievement in a difficult year, the directors report.

From the full acquisition date profits of £13.46m have been included from British Sugar, and its contribution to that date as an associate increased from £1.66m to £12.05m, net of financing.

British Sugar had another successful year with Silver Spoon consolidating its position as UK bread leader. The range of sugars has also been increased. Group profit in the current year will benefit from a full contribution from British Sugar.

Berisford's aim for British Sugar and the farming community is to establish an integrated sugar and food processing target of 1.25m tonnes which will ensure that even in a poor year the full A & B quotas will be produced. Recently a revised sugar beet contract has been agreed with the National Farmers Union which is designed

DIVIDENDS ANNOUNCED

	Date	Corre	Total	Total
	Current	spending	for last	year
Ailsa Inv. int.	0.7	Feb 25	0.7	1.85
S. & W. Berisford	6 April 6	5	5	7.5
Strd. Bros.	1.9	1.9	2.1	2.1
Dewhurst & Partner	0.3	March 31	0.15	0.15
Imry Property	1.4	April 5	1.2	3.6
Palmers Inv. int.	1.1	March 3	1	2
Restmor Group	1.5	March 11	0.5	5.5
SGB	3.3	April 7	3.3	5.6
Stroud Riley	0.75	March 7	0.75	2.25

Dividends shown per share net except where otherwise stated. * Equivalent after allowing for scrip issue. + On capital increases by rights and/or acquisition issues. \$ USM Stock is increases to reduce disparity between interim and final.

to achieve this objective.

In general merchandising and processing the most significant success from particularly difficult trading conditions and overall these businesses made a reduced contribution.

Financial services and property again made a useful contribution.

After tax, minorities and an extraordinary credit, the profit available for distribution stands at £26m to £45.2m. Earnings are shown at 28.06p per share, against 18.07p.

Turnover for the year totalled £2.73bn, compared with £2.24bn, and was split as follows: commodity merchandising £1.79bn (£1.43bn); British Sugar £90.4m

See Lex

Imry Property moves ahead at half time

Increased pre-tax profits have been shown by Imry Property Holdings from £7.67m to £8.72m for the half year to September 30 1982. The net interim dividend has been lifted from 1.2p to 1.4p—in the last full year a total of 3.6p was paid.

As indicated in their statement for 1982 the directors point out that in August the company acquired a 50 per cent stake in a partnership between Manhattan New York City.

This partnership will show a small deficit in the half year under review but they say that the cost and effort in preparing figures is out of proportion to the sum involved. The half year results do not therefore include this deficit.

Pre-tax profits for the period under review were struck after associate profits of £71,000 (£82,000). Tax amounted to £454,000 (£367,000) which left attributable profits ahead from £370,000 to £418,000.

A figure of £65,000 against £11,000 was given in respect of provisions in excess of development, less tax relief, and not charged against current profits.

BOC warning of lower current year outcome

DESPITE confidence in the future, Mr Dick Giordano, chief executive of BOC Group tells shareholders in his annual review that directors are not sanguine about the prospects for 1983.

"Although we are acting vigorously to contain our costs, we cannot escape indefinitely the effects of this world-wide recession."

Mr Giordano says that during the first two quarters of the current year, profits are expected to be well below those of 1981-82. Some improvement is expected in the second half of the year, but if there is no recovery in demand in the economies the group trades in, operating profits for the whole year would be lower, he states.

The chief executive points out that the group is fortunate in that so many of its revenues in gases are fixed in nature and it has a large and robust health care business which can enjoy growth during recessions.

"Therefore, if there is a fall in earnings, it should not be substantial," he states.

The cash flow and balance sheet will remain strong, he says, and the group has lines of credit at favourable terms that are more than adequate to meet foreseeable needs for capital.

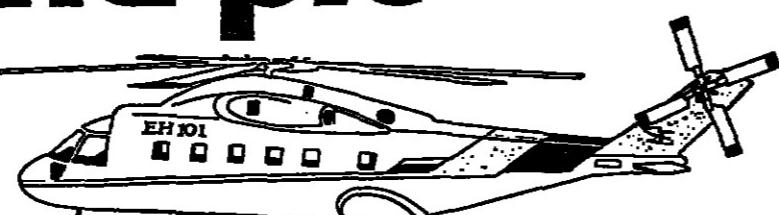
Although directors believe that a recovery in world trade will be delayed until the end of 1983, they expect some improved demand in the group's industrial products in the U.S. And, in spite of the deterioration in almost all of its industrial markets last year, the group's gases businesses throughout the world performed satisfactorily.

As reported on December 10 pre-tax profits moved ahead from £15.1m to £16.6m.

Mr Giordano says that in the UK capital expenditures for the year and related costs are to be stepped up sharply and the group will continue to invest heavily in its rapidly growing Transfield business, which provides nitrogen refrigerated transport for Marks & Spencer's food business.

The balance sheet shows fixed assets of £1.35bn (£1.2bn), net current assets of £228.4m (£245.4m), and shareholders' funds, £833 (£787m).

See Lex



Westland plc

Extracts from the Statement by the Chairman, Lord Aldington.

The results before tax for the year 1981/82 turned out very much as forecast in February and confirmed in June.

Our trading profit was higher than in 1981, reflecting a further but small improvement in margins in helicopter business, a useful hovercraft profit and a recovery to profit on other products, but reduced profits on control systems. Sales, though higher in money terms than in the previous year, were lower than we had expected because of lack of orders in parts of our business, the Normalair-Garrett strike and the termination of the Argentine helicopter contract. On the other hand activity in product support was increased by the Falkland Islands operations. Our private venture research and development expenditure was higher (by net £2.1m) than the previous year but not as high as we had expected because of the £4.2m contribution promised by the Department of Industry as an instalment of launch aid for the Westland 30.

ORDER POSITION

Sales in 1982/83 are expected to be higher in real terms than our sales in 1981/82. New orders gained this year will not significantly affect the level of this year's sales but will significantly affect the level of activity in the factories. For 1982/83 and beyond we have the advantage of the firm evidence from the South Atlantic of the capability of our helicopters, their endurance and reliability, and their value in operations. There is indeed much continued interest in our products. We have stepped up marketing activity in those areas where we judge the best opportunities to be. If we are able to achieve our planned deliveries and maintain our planned level of activity in the factories I expect our results will show in this current year further proof of our growing efficiency.

SUMMARY OF RESULTS

	Year to 30th September 1982	1981
Sales	£000	£000
Profit on trading	39,374	36,993
Profit before tax— Historical cost	23,905	27,352
Profit before tax— Current cost	16,799	18,221
Profit attributable to shareholders—Historical cost	13,156	17,995
Earnings per 25p share	26.5p	30.4p
Dividends per share	7.5p	7.0p
Shareholders' funds	123,647	114,937

Copies of the Report and Accounts can be obtained from the Company Secretary at Yeovil.

Stroud Riley penetrates market

A SUBSTANTIAL increase in turnover, which rose from £4.38m to £7.63m for the six months ended September 30, 1982, enabled worsted spinning and knitted fabrics market Stroud Riley to lift its trading profit to £520,000 for the period, an improvement of £192,000 over the first half of the previous year.

However, the absence of a profit on the sale of an investment this time (£200,000), left figures at the pre-tax level changed at £520,000, compared with £523,000 for the half interim report. Mr Roy Stroud, the chairman, points out that although the promised upturn in trade did not materialise, efforts by the group resulted in a larger share of a static market being obtained.

Mr Stroud adds that sales performance in overalls and work clothes in the first half was strong, but that this is unlikely to be sustained at the same levels. The continuing UK trade, however, is expected to support the remainder in connection with the group's growing relationship with Marks & Spencer.

The directors' dividend policy remains unchanged and a net interim payment of 0.75p (same) is announced for the first half, a final of 1.5p was paid previously.

The pre-tax charge was lower at £15.1m (£15.0m), with the UK share falling from £83,000 to £70,000.

At the attributable level there was a surplus of £294,000, against £383,000, from which preference and ordinary dividend payments abroad (£59,283 (£57,713)) were set aside.

Mr Stefan Strelak, chief executive, was shown as holding approximately 34 per cent of Stroud Riley. Stroud's ordinary share capital.

Comment

First half results from Stroud Riley fully justify its bright future, despite a dismal textile industry, although the inclusion of an unspecified contribution from Haywood, the Huddersfield acquisition, distorts comparisons. Trading profits are 50 per cent up, and the pre-tax fall is explained by last year's special dealing profits.

Much of the 74 per cent jump in sales came from exports, and the group says the overseas fall in sterling has eliminated doubts about the second half as expressed in this interim report—supposedly drawn up yesterday.

UK business remains uninspiring, but a growing proportion of group sales—currently about one-fifth—goes to Marks & Spencer. Against this background, and an 8 per cent yield of 3.3 pence, it should not be surprising to see a rise in the year end.

The cash flow and balance sheet will remain strong, he says, and the group has lines of credit at favourable terms that are more than adequate to meet foreseeable needs for capital.

Comment

With all these points in mind the Directors propose a final dividend of 4.75p per 25p share which with the interim dividend of 2.75p paid on 30 July 1982, makes a total of 7.5p (1981/82 7.0p) for the year. This dividend is still very well covered by earnings and once again we had no reason to call upon our development reserve despite an increase in private venture expenditure.

RESEARCH & DEVELOPMENT

The total of research and development expenditure in the Group in 1981/82 was £43.6m. Of this £23.7m was covered by research contracts; £2.5m was funded in sales prices and £4.2m was met by the promised contribution from the Department of Industry's Launch Aid. Only £13.2m belongs to our private venture expenditure and fails to be charged against Profit and Loss Account (1981 £11.7m).

OUTLOOK

The main part of the Group's business is, and will continue to be, helicopters. It is necessary to get into perspective on the one hand the increased understanding of the value of helicopters to defence forces, which has followed from a study of their use both before and during the Falkland Islands operations, and during the same period the growing use of them in civilian roles; and on the other hand, the constricting squeeze on defence projects and on the finances of helicopter operators that seems likely to continue until the world recession ends and general demand picks up. Clearly, activity in our factories is going to be at a lower level than seemed likely three or so years ago. We have reacted to that change and shall continue to react to any further changes. Equally clearly, when world demand does pick up the markets for helicopters in all their roles will be at least as large as seen two or three years ago—and may be larger. It is therefore fortunate for us that we are in the process of developing two types of new helicopters, the Westland 30 and the larger EH.101. We are fortunate to have the expressed support of Her Majesty's Government for the two new projects and to have Her Majesty's Government's close interest in the work we are doing on the Lynx. We shall be making a significant contribution to the non-recurring costs of the development and launching of the EH.101 and the Westland 30, and we are at present carrying the whole cost of the further development of the Lynx.

Second-half fall leaves SGB behind

SECOND-HALF pre-tax profits of the SGB Group fell from £7.54m to £6.21m and left the taxable figure down at £11.38m for the year ended September 28 1982, compared with a previous £12.52m.

Turnover of this concern which supplies and hires equipment and services mainly to building, civil engineering, engineering and manufacturing industries went ahead from £139.24m and the dividend, at 5.6p per 25p share with a same-again final distribution of 3.3p.

At home and in Europe, construction related hire activities suffered from a continuing surplus of equipment occasioned by the recession, while elsewhere abroad profits advanced from previous record levels, the directors state.

After six months, with profits up from £4.57m to £5.17m, the directors say that the picture was mixed, with earnings per share shown as 14.4p (15.7p) and minorities credited £71,000.

On a CCA basis the pre-tax

BOARD MEETINGS

Period	Company	Location	Date
Interim	Countryside Properties, Unilever, Kilkenny, Trident Television, FUTURE DATES		
Annual	Dairies	London	Jan 28
Annual	British Electric Traction	London	Jan 31
Mid-Winter	Tele. Invest.	London	Jan 30
Mid-Winter	Maritime Securities	London	Jan 29
Annual	Munro Brothers	London	Feb 3
Annual	Property Security Investors	Toronto, Westgate	Feb 20
Annual	Glass, Glover	London	Jan 25
Annual	Pratt (F.) Engineering	London	Jan 22

were 23p lower and lacking in firm friends. Second half profits fell by nearly a fifth, wiping out the modest interim gain and leaving the full 12 months 55m lower pre-tax than the figure of two years before. The pressure has undoubtedly been on the domestic side, and it shows precious few signs of abating.

Profits from overseas (tasking in exports) were up 45 per cent of gross, group total more than 10 per cent, a contribution of 1982/83.

Considerable overcapacity in the UK plant hire industry has eaten into margins through the company says. Its core scaffolding business fell by nearly £300,000 last year to £3.2m. Plant utilization spans from 70 to 40 per cent and not surprisingly capital spending has been redirected. Acquisition both at home and overseas amounted to £3.4m in 1981/82 while £6.6m of capital spent was virtually all leasing for export purposes. Any profits gain this year will probably be based on currency translation with a little help from better exports. The yield is just 4

Durban Deep's good quarter

BY KENNETH MARSTON, MINING EDITOR

THE VETERAN Durban Deep mine, which started producing gold in 1898, has achieved the best performance of the Rand Mine since gold production in the December quarter of last year. Net profits have jumped 43 per cent after a repayment of State aid; the mine was a net recipient of assistance in the previous three months.

A minor factor helping Durban Deep has been the higher than average gold price received in the latest quarter compared with a lower than average price in the September quarter.

But the exchange rate disadvantage to South African miners of the recovery in the value of the rand against the U.S. dollar (in which gold sales are made) is illustrated by the fact that while Durban Deep's average rand price received rose by 13 per cent in the quarter the dollar equivalent gained 20.4 per cent.

In line with other mines in the group Durban Deep's ore tonnage milled reflected a shorter working period of 88 days against 91 days in the previous three months. However, the effects of cost on gold production were offset by a rise in the gold grade of ore milled.

The younger Harmony gold and uranium producer has also done well in the past quarter with the help of a higher gold price, small increase in gold grade and lower total costs. In

view of the better gold price it has been decided to resume sinking of the No. 4A ventilation shaft.

Borrower and marginal East Rand Proprietary, which is still a claimant of State assistance, have also raised profits in the past quarter, the latter having done so in the face of a fall in production which was aggravated by plant breakdowns.

Last quarter net profits of the individual miners, shown in the following table, are after the inclusion of generally modest gains arising from gold hedging transactions.

	Dec	Sept	June
qrds	qrds	qrds	
Bytown	22,000	19,942	14,223
Blyvooruitzicht	16,752	9,717	3,924
East Rand Prop.	25,000	25,000	25,000
Harmony	30,773	22,820	27,520

"After receipt of State assistance."

A comment on the near term market for cost comes from the Blyvooruitzicht Company, which expects that a fall in December quarter net profits to R21.5m (£12.8m) from R33.7m in the previous three months reflects a weakening of both the South African and the export markets.

Similarly, Welgedacht Exploration, with long-term contracts requesting deferrals of some of the tonnage scheduled for delivery this year, in addition to develop its wholly-owned newspaper interests. It no longer has any interest in the no share capital of BPM.

ROWAN & BODEN

Acceptances of the offer by G. M. Firth for Rowan & Boden to acquire all the ordinary shares not already owned by Firth have been received for 2.17m ordinary shares (53.6 per cent). This includes the 2.13m ordinary shares (£2.6 per cent) for which Nobwil undertook irrevocably to accept the offers.

Offers have become unconditional as to acceptances.

Apart from 1.01m ordinary shares (28 per cent) agreed to be acquired on December 17 1982 no ordinary were held by Firth before the offer period. Total ordinary to date represents 73.6 per cent.

The offers, which are still conditional in certain other respects (include the passing of an ordinary resolution to approve the offers at the EGM of Firth to be held on February 1 1983) will remain open for acceptance until further notice.

R. GREEN

G. E. Bassett (Holdings) have acquired a further 150,000 shares in Green Properties, making a total of 880,000 shares, 7.05 per cent of the ordinary capital.

International round-up

AUSTRALIA'S CSR, the natural resources, sugar and building products group, has raised A\$45m (£28m) through the placement of 15m shares with local and overseas institutions.

The group said the funds would be used to finance planned capital investment and to acquire income-producing assets and it seems likely that some of the money will go towards meeting CSR's A\$22m share of the A\$27.5m development costs of the Panaga gold operation.

CSE holds 80 per cent of a joint venture to develop this prospect, with the remainder in the hands of the London-registered Hampton Gold Mining Areas.

A new copper mine has come into production at Veliki Krivelj, about 100 miles south-east of Belgrade, the Yugoslav capital.

The mine is expected to produce about 8m tonnes of ore a year, containing 40,000 tonnes of copper, 54,500 tonnes of iron, 500 kilogrammes of gold, plus some silver, platinum, molybdenum and nickel, reports Aleksandar Lebl in Belgrade.

South American subsidiaries of two U.S. companies have esti-

mated reserves of a huge copper discovery, in northern Chile, at 382m tonnes of ore grading an average of 1.62 per cent copper.

Exploration of the Escondido project is being financed equally by the two partners, Minera del Norte, part of the Chilean National Copper Corp, which is in turn a subsidiary of General Electric and Getty Mining (Chile), part of Getty Oil group.

The deposit, about 100 miles south-east of the port of Antofagasta, is reported to be suitable for open-pit mining. Drilling is continuing and a decision on the feasibility of development the project is expected next year.

* * *

Calcutta Lake Gold Mines has put its property in Canada's Northwest Territories into commercial production at a rate of 300 tons of ore a day.

The company is now concentrating its attention on its mine operations and the development of additional steps to increase output.

In addition, an exploration programme is in progress to define further ore reserves.

These are currently estimated at about 200,000 tons grading an average of 0.5 ounces (15.6 grammes) of gold per ton.

Svenska Handelsbanken

(Incorporated in the Kingdom of Sweden with limited liability)

U.S. \$35,000,000 Floating Rate Notes due 1987

(subordinated as to payment of principal and interest)

In accordance with the terms and conditions of the above mentioned notes, notice is hereby given that the rate of interest for the six months from 17th January 1983 to 16th July 1983 has been fixed at 9.5% per annum and the amount payable on coupon No. 6 will be US\$17,08.

Agent Bank
Nordic Bank PLC

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It is emphasised that no application has been made for the Ordinary shares of the Company to be admitted to listing.

SOUTHWEST RESOURCES plc

(formerly known as Burma Mines plc)

Incorporated under the Companies Act 1948 Registered in England No. 490212

SHARE CAPITAL

Authorised £12,500,000

Issued and to be
issued fully paid
£9,821,669

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Particulars relating to the Company are contained in the Extel Unlisted Securities Market Service and copies may also be obtained during normal business hours on any weekday (except Saturdays) up to and including Tuesday, 1st February 1983, from:

Carolina Bank Limited,
14A Austin Friars,
London EC2N 2EH.

Westminster Press sells its BPM interest

BY CHARLES BATCHELOR

Westminster Press, the regional newspaper group, has sold its minority stake in BPM Holdings, publishers of the Birmingham Post and Mail, to the controlling Iliffe family in a deal worth £5.05m.

This has increased the Iliffe family and family trust holding in BPM's voting shares from 17 per cent to 52 per cent of the voting capital.

Taking into account "B" non-voting shares the Iliffe family and trust hold 61.5 per cent of the total share capital compared with 33.5 per cent previously.

Vatendon Investment Trust, an investment company controlled by the Iliffe family of newspaper barons, bought 13.6m

"A" ordinary shares of 25p each and 3.3m "B" non-voting shares of 25p at an average price of 67.4p for both categories. It has also bought 200,000 unlisted ordinary "B" shares at £2.69.

That option is not affected by the latest note purchase and gives Rank the right to raise its holding to 32 per cent. Rank said:

"We have great confidence in this company." Rank said. "It has developed at remarkable speed over the last three years."

Rank, the largest shareholder in Telecom, which is also a supplier of equipment, holds 7.5 per cent.

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Telecom Equipment Corporation—in December 1981

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Rank Organisation builds up its U.S. Telecom stake

BY CHARLES BATCHELOR

The Rank Organisation is to increase its holding in the fast-growing U.S. telephone systems group Telecom Plus International to 28 per cent with an option to buy a further 4 per cent.

Rank's fully-owned U.S. subsidiary, Rank Industries America (RIA), has bought \$15m (£9.47m) worth of unsecured interest-free notes issued by New York-based Telecom maturing 364 days from the date of issue.

The purchase agreement provides for the mandatory conversion of the notes into common shares at maturity unless they are converted before then. The average conversion price will be

about \$20.50, compared with the recent market price of the stock of \$27.50, Rank said. The transaction requires the approval of the U.S. authorities.

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TECHNOLOGY

VIDEO AND FILM

Entertaining Mr Sproat's views on the film industry

BY JOHN CHITTOCK

THE UK Government is preparing for what some believe may be important changes affecting the film industry. The Minister responsible at the Department of Trade, Mr Ian Sproat, is examining various matters of relevance to the film industry, has certainly decided upon two or three already and is said to have promised a pronouncement when "the leaves are on the trees."

Ironically, technology may have inspired this where political pressure in the past has failed—namely, the wider accessibility of moving pictures, made possible by video and cable television.

Many matters are believed to be in the melting pan ranging from the re-examining of the Cinematograph Films Council to the abolition of the Eady levy on cinema tickets. It is the latter which is causing a chain reaction of speculation and argument within the industry—partly because of those activities in the industry which rely upon support from the Eady fund, but also because the continuous decline of this fund (in parallel with falling cinema revenue) raises all manner of new questions about the future anyway.

The Eady fund was created in 1950 to plough more cinema revenue back to British producers but it now also helps to support the National Film School and the British Film Institute's Production Board. A continuing beneficiary since the early days has also been the Children's Film Foundation—a much-respected organisation which produced a flow of really excellent feature films specifically for young audiences but now in financial crisis.

In 1982, British production effectively benefited from the fund by £1m—via the National Film Finance Corporation, which is the first beneficiary in line before the NFS, the CFF and the BFI. At the current rate of decline, those at the back of the queue will soon cease to receive any support at all.

Many people in the industry recognise that the Eady fund has become overtaken by events. Why, it is argued, should only cinemas have to impose such a levy when television and video viewers contri-

bute no special funding to British production? Since the National Film School has now added "Television" to its title too—and is potentially Britain's most important post-graduate training establishment for broadcast television outside the BBC—it certainly seems anomalous that the cinema (viz Eady) provides one third of the school's revenue when the television industry brings only 5 per cent.

Looming in the background is the controversial idea of a levy on blank videotapes. The copyright owners of video programmes are represented by the British Videogram Association and the British Photographic Industry—want a levy on tape sales on the grounds that much video and (audio) recording is causing them loss of revenue; such a levy would provide reimbursement especially as the re-recording of their programmes is usually illegal under the existing copy-right laws.

Tug-of-war

The Tape Manufacturers Group (represents six of the leading names in video and audio tape) nor surprisingly are opposed to a levy on tape, as are the National Consumers Council ("for consumers to pay separately for this use of the material would be to pay twice for the same thing").

Films and other programmes in television, it is argued, have been paid for by the consumer already through the TV Licence or ITV advertising—why again, especially when video recording is merely used for time-shifting?

There is some confusion in this respect over piracy. One rationale says that the huge sums the copyright owners should be levied over piracy should be balanced by revenue from a blank tape levy. But this is seen by others as a blunt instrument which might actually encourage cheaper pirated tapes, both rely on the viability of the film industry without whose products television would barely exist and home video would collapse.

The tape manufacturers understandably say: "Why just us and why should we subsidise another industry?" Of course, it is not really another industry; but in any event, Parliament's Select Committee on Education, Science and the Arts has additionally suggested a 0.25p per viewer levy on the television screening of films to add £10m to the Eady fund; and to spread the burden even more fairly, pre-recorded tapes of films could also carry a levy as they now do in Sweden.

When the leaves are on the trees, these issues will need some urgent cultural attention if the species is not to die.

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10 Cannon Street, EC4P 4BY

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10 Cannon Street, EC4P 4BY

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FOR SALE

LIGHT ENGINEERING CO.

With own product based in the West Midlands

Current turnover c. £250,000

Net assets £100,000 including Freehold Property

For further details please write to:

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5 Kennedy Tower
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U.S. FIRM OFFERS CHEAPER DEFENCE AGAINST CARD FRAUD

BY ELAINE WILLIAMS

THIS WEEK British Telecom will take a major step to combat credit card frauds when it announces a new service for card verification cheap enough for even the smallest shop owner. In the UK, losses on credit card transactions of less than £50 value amounts to more than £30m a year, and the figure is

rental of £17.50. Retailers who subscribe to the service get a push-button telephone. When a verification is needed the credit card number is entered on the telephone keypad along with the card expiry date and the amount of the transaction. This done, the receiver is lifted and a local call is made to the Telecom Silver central system.

Synthesised

The call is automatically routed through the push-button network to the relevant card company, wherever it might be in the country, for the cost of the local call. A synthesised computer voice tells the retailer if the transaction can or cannot go ahead. If the card is fraudulent, the computer will tell the retailer what to do.

Behind the development of the system is Comdial, a fast growing Californian telephone manufacturer.

Until now there has been no really cheap and simple way of checking every credit card purchased.

Large retail outlets can afford to make use of sophisticated electronic funds transfer and transaction telephones such as Racal's TCL system which costs around £500. But these systems British Telecom admits are too costly for the smaller shops to operate.

This is not only our national heritage on film, but also a valuable resource which increasingly the video industry in the future will turn to when making compilation programmes. Hence a proposal that there should be at least a small blank videotape levy to come to the NFA's rescue (on current sales in UK, 5p per tape would solve the problem).

Sweden has now imposed video taxes on blank and pre-recorded videotapes for the benefit of its own indigenous film industry and some other countries may follow suit. Whether this is a good idea or not remains to be seen.

Telecom Silver is designed for small shops automatically to verify all credit card purchases at low cost. British Telecom says that an initial connection charge is £25 for the first year followed by quarterly

the U.S. and intends to set up UK manufacture so that it can attack the European market.

Last year its UK subsidiary also acquired a British company, Menzies Communications Systems, which manufactures voice response systems for computers which is now a vital component in the Telecom Silver service.

The heart of the system, however, which allows Comdial to produce a cheap transaction telephone system is a revolution in the U.S. \$6m to develop.

This dial has the ability to operate with electromechanical exchanges and with digital computer controlled models which are being introduced world-wide.

For electromechanical exchanges the dial generates a number of electrical pulses for each number pressed, while for digital exchanges it produces a tone. It can switch automatically between the two systems.

Comdial is now the second largest independent telephone handset manufacturer in the U.S. and has a turnover of US\$156m a year. It has achieved rapid growth by a series of company acquisitions. Most recent was the purchase of the telephone handset manufacturing activities of General Dynamics, the U.S. defence manufacturer, last August.

Through this acquisition, Comdial now manufactures 2.6m telephone handsets annually in

Sweden. Comdial says that its dial is the only kind which can do this cheaply. The dial itself has few components comprising mainly two silicon chips and a plastic body.

This dial is built into the check phones used for Telecom

Silver so that the user can make a call via Britain's largely electromechanical telephone system and then switch into the digital system for access to the computer.

To begin the service on a trial basis in the London area, British Telecom has ordered up to 5,000 check phones plus the computer equipment. But the potential for the service is at least 900,000 retailers in the UK.

Ambitious

Initially, Comdial will import the telephones from its U.S. plant though it has ambitious plans to start manufacturing in the UK by summer according to Mr John Evans, the managing director of the UK subsidiary. Mr Evans was formerly the managing director of Ansons.

Mr Ray Vickers, Comdial's UK chairman, says that the dial is cheaper than conventional ones, has tremendous potential in world markets because it can help smooth the transition from the old systems to the new digital exchanges without the need to replace telephone handsets.

Comdial says that its dial is the only kind which can do this cheaply. The dial itself has few components comprising mainly two silicon chips and a plastic body.

This dial is built into the check phones used for Telecom

silver.

Conversely, the unit can be used to transfer new or amended fixed data or programs into the computer using machine.

Known as an intelligent RAM module, or IRM, the hand-held device is simply plugged into each ticket issuing machine in turn. When data is sent to the UK market as a long life primary cell.

Keyboard operation is prompted by a liquid crystal display

Companies and Markets

COMMODITIES AND AGRICULTURE

Copper prices surge ahead

By JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES surged ahead again on the London Metal Exchange yesterday to the highest level for 17 months, as the rise in gold and other precious metals brought renewed speculative buying. The high-grade cash price closed \$23.5 up at \$1,025.4 a tonne, while the three-month quotation was \$26 higher at \$1,054.

The upward trend was encouraged by the firmer close in the New York market on Friday evening, and followed by U.S. producers to raise their domestic copper selling price. Asarcor yesterday lifted its price twice, by 1 cent each time, from 75 to 76 cents a lb. Kennecott went up in one single move from 78 to 80 cents.

However, traders said that there was considerable nervousness at the higher levels. Virtually all the buying is coming from speculative investors and so far there is little sign of any increase in consumer demand.

Copper stocks held in LME warehouses, for example, rose again last week by 5,450 tonnes, taking total holdings up to 26,050 tonnes.

These were stock increases too for lead, up by 5,742 to 10,875 tonnes; zinc by 1,125 to 92,750 (recovering from a decline); nickel by 890 to 7,682 tonnes; and aluminium by 25 to 258,750 tonnes. Tin stocks fell by 575 to 32,950 tonnes and LME silver holdings declined by 230,000 to 35,840,000 ozs.

Silver prices moved ahead. The London bullion spot quotation rose by 35.45p to \$16.40p an ounce at the morning fixing and this level was maintained in afternoon dealing.

Free market platinum reached a new peak. The sterling quotation increased by 24.75 to £301.5 an ounce. The dollar equivalent was up by \$10.20 to \$479.25 reflecting the stronger tone in sterling against the dollar.

London traders said there had been little or no reaction to Rustenburg's announcement on Friday, apparently abandoning its producer price system, since it is far from clear yet exactly what the company has in mind.

Cocoa hits 15-month high

By RICHARD MOONEY

PRICES ON London's soft (non-metal) commodity markets moved higher yesterday in sympathy with the gold and base metals markets.

Cocoa futures hit new 15-month highs in the morning as concern over crop prospects in Brazil and Ghana, two of the world's biggest producers, continued to influence prices. Hot weather and lack of rainfall is still aiding back crop development in Brazil's Bahia growing region.

The rise in cocoa values was cut short, however, when the Cocoa, Chocolate and Confectionery Alliance announced that UK cocoa bean grindings in the fourth quarter of 1982 were

4.33 per cent down from the same 1981 period at 22,071 tonnes. This disappointed the market following the publication of "bullish" grindings figures in West Germany and the U.S. last week.

Early gains were trimmed as a result and the May futures position ended the day \$26 up at \$1,215.50 a tonne after reaching \$1,228 a tonne at one stage.

March delivery coffee also finished \$9 below the day's peak at \$1,621 a tonne, up \$15.

Sugar prices on the London futures market finished near the day's highs with the May position showing an advance of \$2.30 to \$113.175 a tonne.

Malaysia encourages investment in teak

By Wong Sotong in Kuala Lumpur

THE MALAYSIAN GOVERNMENT is encouraging farmers to grow teak trees as part of an agricultural diversification programme.

Datuk Paul Leong, Primary Industries Minister, sees teak as a valuable investment for local agriculture. However, the 30-year maturing period means teak is unlikely to be a major timber export in the immediate future.

Farmers in the northern states of Kelantan and Perak are being urged to set aside an acre for teak cultivation. Kedah state government says it is prepared to set aside 5,000 acres for a forest, while federal authorities plan to establish a teak research station and nursery.

CALCUTTA'S tea auctions are likely to resume soon, now that warehouse workers have called off their strike.

CHINA is likely to import less cotton as a result of its record 1982 crop of 3.3m tonnes, says the U.S. Agriculture Department's Hong Kong office.

THERE WAS little official reaction yesterday in London to comments by Justice Rodney Bax on Friday describing the commodity markets as a jungle. It is generally acknowledged that control over "fringe" operators is very loose indeed and that the small investor is at the mercy of the wind or simply truant.

The joint executive committee — made up of representatives from the London Commodity Change, Metal Exchange, Gold Futures, Grain and Allied Gold Futures Association and London International Financial Futures — was formed last year to try to hammer out a unified

approach to improve protection for the investor.

This followed Professor Gower's report on the City, which included recommendations for improved controls of commodity speculation.

The prime objective is to formulate some kind of scheme that will give extra protection to a self-regulatory body and avoid the creation of a Government-sponsored organisation, such as the Commodities Futures Trading Commission in the U.S.

But it is acknowledged that

the exchanges can only really discipline their members and not the companies who deal through the members.

Disease jars Danish farmers' optimism

Hilary Barnes considers the implications of the new foot and mouth outbreak

DENMARK'S LATEST outbreak of foot and mouth disease is so far limited to only one case — but it has hit farmers who were starting to look forward to better times after three years of recession.

How seriously it will dent the returning optimism remains to be seen.

The immediate consequence of the outbreak is that a series of overseas markets, of which the Japanese market, took a heavy hit, but the most important will not be re-opened to Danish exports for at least another year.

The agricultural organisations have hoped that the Japanese and the American markets would be re-opened this spring, following last year's foot and mouth outbreak, which lasted from mid-March to the beginning of May.

The extent of the financial losses arising from the spring outbreak, when 22 farms were affected and more than 4,000

pigs and cattle destroyed, cannot be accurately assessed.

The value of pigmeat exports, the export product most seriously affected, actually increased by about 9 per cent last year, but the comparison is with a year in which prices for much of the time were exceptionally high.

Without the disease, exports would probably have done very much better. The tonnage of pigmeat exports was virtually unchanged at about 470,000 tonnes in all.

Exports to the lucrative Japanese market slumped from 73,000 tonnes in 1981 to about 15,000 tonnes last year, but the loss of exports to this and other markets will be compensated by increases in exports to continental markets, especially Germany, Italy and France.

Canned meat exports also rose considerably.

In the same three years, the capital losses, mainly a result of

falling property values, have been about Kr 80bn, leaving farmers in a seriously weakened financial condition, in spite of the restoration of current incomes.

Surprisingly, perhaps, the financial depression did not seriously damage production, with total animal husbandry actually rising since 1979, and through 1982.

Pig production in 1982 at 14m was almost unchanged from 1981, and is expected to rise slightly in 1983. Milk production is also expected to rise, by about 3 per cent, in 1983.

The increase in production has taken place despite a halving of investment from 1979-80 to 1980-81, and a further 30 per cent decline in the following year. In the current year, a 30 per cent increase in investment, mainly in machinery, is forecast by the Government's Institute of Agricultural Economics.

Surpluses likely to hold down wheat price

By Our Commodities Staff

EXCESSIVE PRODUCTION will keep prices for grain commodities under pressure in the coming year, the Economist Intelligence Unit forecasts in a report published today.

Wheat stocks held in the main exporting countries are expected to rise slightly in 1983. Milk production is also expected to rise, in spite of another poor harvest in the Soviet Union and an Australian harvest halved by drought.

The report's authors argue, therefore, that "there is little chance that wheat prices will rise from their current very low levels in the first half of 1983."

Any price rises in the run up to the 1983-84 season will depend on the success of U.S. efforts substantially to reduce elsewhere, they add. In any case, the high level of U.S. farmer-owned reserves would put a low limit on any wheat price rise, the report says.

It puts the 1982-83 world maize crop at a record 447m tonnes, up to 55m tonnes.

"Only droughts or other unexpected acreage reductions will cut that surplus before the end of 1984, and prices are likely to remain in the lower half of the \$90-\$120 a tonne range."

The report says the International Coffee Organisation has a "fair chance" of keeping its "modest" 1983-84 output a pound objective. But production stocks are likely to continue rising as a slight reduction in global export availability to 72m bags will still leave it ahead of very slowly rising consumption.

Sugar production in 1983 is expected to fall about 4 per cent to 95.4m tonnes but stocks are still expected to increase.

World Commodity Outlook 1983—Food, Feedstuffs and Beverages, £55.

Few stirrings in the bush following 'jungle' allegation

By OUR COMMODITIES EDITOR

THERE WAS little official reaction yesterday in London to comments by Justice Rodney Bax on Friday describing the commodity markets as a jungle.

It is generally acknowledged that control over "fringe" operators is very loose indeed and that the small investor is at the mercy of the wind or simply truant.

The joint executive committee is to formulate some kind of scheme that will give extra protection to a self-regulatory body and avoid the creation of a Government-sponsored organisation, such as the Commodities Futures Trading Commission in the U.S.

But it is acknowledged that

the exchanges can only really discipline their members and not the companies who deal through the members.

Ireland planning to market brand name beef in Britain

By BRENDAN KEENAN IN DUBLIN

THE IRISH LIVESTOCK BOARD plans to market Irish beef in Britain, under a brand name for the first time.

This follows Professor Gower's report on the City, which included recommendations for improved controls of commodity speculation.

The prime objective is to formulate some kind of scheme that will give extra protection to a self-regulatory body and avoid the creation of a Government-sponsored organisation, such as the Commodities Futures Trading Commission in the U.S.

Details are expected to be announced at next month's international food exhibition in London. Until then, the board is not commenting on its campaign or anticipating market

reactions.

The main problem is assessing the reaction of the British customer to Irish meat.

Research suggests that the image is more favourable on the continent but opening up a retail market in Europe would cost millions of pounds and would be more difficult than persuading traditional UK outlets to carry the Emerald

brand.

and soyabean consolidated on speculation and interest, and there was evidence of additional cash movement. Wheat was under selling pressure on concern that export demand from the U.S. would be affected due to deteriorating trade relations as a result of the U.S. imposition of import quotas on textiles. Heating oil remained stable, despite reduced Libyan attendance at the winter meeting of the Gulf co-operation council, and oilseed rape, canola and soybeans consolidated on speculation over a record crop in 1983-84.

Oilseed rape was sold under pressure on trade selling, maize

is sold as identifiably Irish produce.

The hope is that the new scheme will increase sales and attract premium prices, perhaps paving the way to more processing of Irish beef, which has been identified as a weakness in the industry.

The main problem is assessing the reaction of the British customer to Irish meat.

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World Commodity Outlook 1983—Food, Feedstuffs and Beverages, £55.

LIVE HOGS 30,000 lb, cents/bbl

MAIZE 5,000 bu min, cents/56lb-bushel

COFFEE 5,000 lb min, cents/56lb-bushel

POTATOES

INDICES

RUBBER

TEA AUCTIONS

COTTON

LIVERPOOL-Spot and shipment

SOYABEANS

AMERICAN MARKETS

GOLD AND SILVER

SOYABEANS

PORK BELLY 38,000 lb, cents/bbl

NEW YORK COCOA 10 tonnes, s/tonnes

COTTON

INDICES

FINANCIAL TIMES

INDICES

RUBTERS

REUTERS

MOODY'S

COTTON 25,000 lb cents/bbl

COTTON 5,000 bu min, cents/56lb-bushel

PORK BELLY 38,000 lb, cents/bbl

COTTON 5,000 lb, cents/56lb-bushel

SOYABEANS 10,000 lb, cents/56lb-bushel</p

Companies and Markets

NEW YORK

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Val.

Change

Perc.

Adv.

Decl.

New

High

Low

Close

Chg.

Perc.

Adv.

Decl.

New

High

Low

Close

ACCOUNTING

FT COMMERCIAL LAW REPORTS

Profession warned of 'crisis' without inflation accounting

BY CHRIS CAMERON-JONES

BRITAIN'S accountancy profession was warned yesterday that it would soon face a crisis if its standards setting body dropped any form of accounting for inflation.

Professor Bryan Carsberg said that if inflation accelerated again over the next few years, without inflation accounting the profession "would stand naked in the face of a national economic problem."

Professor Carsberg, professor of accounting at the London School of Economics and research director at the Institute of Chartered Accountants in England and Wales, was addressing a Financial Times conference on the new challenges for the profession.

The two-day conference, held in London, is being attended by accountants from practice, industry and commerce.

Professor Carsberg said that the other severe challenge to the standard setters was pensions accounting, which involved very large sums of money.

He favoured the U.S. systems for setting standards in concept, but saw the UK approach as justifying itself on a cost benefit basis. But if the Accounting Standards Committee (ASC) were to survive, he said, it must provide a leadership which people were prepared to follow.

He added that the profession could not drop its standard setting role because government, or some other organisation, would step in. But Mr Ian Hay Davison, chairman of the ASC, indicated how far this had occurred already: particularly under the 1981 Companies Act, "Parliament is now laying down accounting rules by law," he said.

Previously, Companies Acts had concentrated on specifying what accounts should show and not on the way disclosures were made. "That," he said, "has now changed significantly."

president of the Institute of Cost Accountants.

In outlining his personal compromise solution, he said: "If historical and CCA figures point in different directions it can always be shown that it is the CCA figures which are misleading."

There were numerous other drawbacks to CCA, but these were "secondary and irrelevant" once it was seen that the underlying concept was invalid.

Under Mr Allen's proposals, all basic records would be maintained in the traditional historical format. Real profit would be calculated and would express a historical profit plus unrealised gains, less a capital maintenance provision, arrived at by multiplying opening assets

but they may limit its free exercise."

Mr Allan Cook, head of Shell's accounting research, said that few companies shared with Royal Dutch/Shell the doubtful privilege of being the first casualty of divergent accounting law and standards. But many were threatened by, and would ultimately suffer from, the lack of harmonisation.

He said that obstacles to international harmonisation of accounting practices were the important differences over the objectives of published financial statements, conflicting national laws, and the sheer difficulty of coordinating the accounting standards agendas of many countries.

There were four institutions working on harmonisation: the European Community, the United Nations, the Organisation for Economic Co-operation and Development (OECD) and the International Accounting Standards Committee (IASC). But only the last, he said, was a non-governmental body. While it lacked immediacy of impact or sanctions, its standards had an important influence over the national standards of many countries.

"If harmonisation is to come," he said, "it has to be through the commitment of many parties to work for it, using such bodies as the IASC and the OECD as means of consulting together and co-ordinating their respective national debates."

Mr Arthur John, chairman of Stenhouse Holdings and founder chairman of the Hundred Group of Chartered Accountants, touched on the problem of the cost of audits.

He pointed out that the words true and fair lost their essential meaning if considered separately. "Sadly, few judges seem to have grasped this point on the rare occasions they have considered the meaning of the phrase." He added that, in arriving at such a view, "no rules can improve upon the exercise of professional skill and judgment;

Financial Times conference on new accountancy challenges

counting. But it is no longer clear that the best way to achieve this is by producing more and more accounting standards."

Mr Davison expected the ASC to become more "reactive" than venturesome in standard setting. "For us accounting must, regrettably perhaps but needfully, be the art of the possible."

So far, he said, with the major exception of current cost accounting, the present standard setting system had worked well and must be allowed to continue. Recent constitutional changes in the ASC had improved its standing and authority.

The extent of the controversy surrounding the current cost accounting standard SSAP 16 was reflected by Mr David Allen, finance director of Cadbury Typhoo and senior vice-

values by an index reflecting the fall in the value of money.

Mr Davison noted that the new Companies Act re-emphasised the supremacy of the "true and fair" view.

"Directors must select the true and fair view that they wish to adopt; the auditor must decide if the view chosen is in fact one of the true and fair ways of describing events," he said.

He pointed out that the words true and fair lost their essential meaning if considered separately. "Sadly, few judges seem to have grasped this point on the rare occasions they have considered the meaning of the phrase." He added that, in arriving at such a view, "no rules can improve upon the exercise of professional skill and judgment;

Abta restriction of travel agents valid

AGREEMENT BETWEEN THE MEMBERS OF THE ASSOCIATION OF BRITISH TRAVEL AGENTS LTD
Restrictive Practices Court (Mr Justice Anthony Lincoln, Mr H. C. Pearson and Mr C. J. Risk): December 20 1982

RESTRICTIONS IMPOSED BY A TRADE ASSOCIATION ON ITS MEMBERS FOR THE PURPOSE OF PROTECTING THE PUBLIC ARE NOT VOID IF THEIR REMOVAL WOULD DEPRIVE THE PUBLIC OF SUBSTANTIAL BENEFITS, IF THEY ARE REASONABLE, AND IF THE BENEFIT TO THE PUBLIC OUTWEIGHS THEIR DISADVANTAGES.

The Restrictive Practices Court so held when refusing to grant a declaration claimed by the Director-General of Fair Trading that a rule by which the Association of British Travel Agents Limited (Abta) permitted travel agents to sell foreign package tours through a non-Abta travel agent. He might only sell directly to the public or through an Abta member.

In the present reference under section 1(3) of the Restrictive Trade Practices Act 1976, the court held that the court has jurisdiction in respect of an agreement registered under this Act to declare whether . . . any restrictions . . . are contrary to the public interest."

Section 19 provides: "(1) . . . a restriction . . . made in pursuance of an agreement to which this Act applies . . . shall be deemed to be contrary to the public interest unless the court is satisfied . . . (a) . . . (b) that the removal of the restriction . . . would deny to the public as users . . . services . . . substantial benefits . . . (c) . . . and is further satisfied that the restriction . . . is not unreasonable having regard to the balance between those circumstances and any detriment to the public . . ."

MR JUSTICE Anthony Lincoln, giving the judgment of the court, said that Abta was a trade association of travel agents and tour operators. It consisted of about 2,400 member companies, partnerships and sole traders. Its dominance in the industry was so complete that exclusion from membership was a serious handicap.

Abta's exclusivity stemmed from one of its articles of association, article 13 (6), which had been given the title "stabiliser". Its express object was "to protect the public by increasing the power of Abta to

the extent that the threat of expulsion would bring any tour operator or agent into line with Abta's code of ethics."

Stabiliser provided that, in the absence of special permission, no Abta travel agent should sell foreign package tours organised or promoted by a non-Abta travel agent, and that the tour operator should sell foreign package tours through a non-Abta travel agent. He might only sell directly to the public or through an Abta member.

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It was considered by the Director-General that insurance was a sufficient substitute for the safeguards against the risk of failure, or as a remedy when failure had taken place.

That contention was not accepted. The loss incurred on those occasions was not purely financial and could not be compensated by insurance. The representations flowing from failure in the travel industry were unusual and called for an unusual degree of protection for the consumer.

Abta and TOSG, a separate body of Abta members, had made prodigious efforts since the

Clarkson/Halcyon collapse in 1974 to rescue stranded passengers and reorganise their holidays, or to retrain or re-employ passengers. By means of bonds, reserve funds and the indemnity policy, faced by a similar crisis, the insurance industry would find great practical difficulties.

It would take a long period of experience for the individual insurance groups to match the experience or continuing efforts of the back-up teams put together by Abta and TOSG, with their good names at stake. Also, a number of insurance groups, competing with each other for vacant airline seats, would not have the considerable advantages of a group by Abta and TOSG, in that they had first call on their members' airline seats if uninsured.

However, those considerations were transcended by the greater importance of maintaining the protection afforded to potential travel victims. That protection could only be achieved by the combination of guaranteed minimum standards and financial security.

No complete and equally effective alternative system had been shown to be available. The element of compulsion was necessary for and inseparable from the system's success.

Abta's articles of association also laid down certain minimum requirements as to the number, experience and quality of staff to be employed by retail agents and tour operators, as well as requirements as to premises.

Those requirements deprived the public of the free choice of premises and the possibility of marketing and of the freedom of obtaining the services of the retail agent they preferred.

The restrictions relating to premises and staffing were contrary to the public interest and nevertheless the qualifications of staff should be introduced to give reasonable protection to consumers according to the circumstances.

The court refused to declare stabiliser contrary to the public interest, but declared the staffing, premises and certain other restrictions, to be so.

For the Director-General: Michael Burke-Goff QC and Richard McCombe (Treasury Solicitor).

For Abta: Anthony Graham-Dixon QC, Kenneth Parker and Christopher Waide (Thornton Lyons and Lawson).

By Rachel Davies
Barrister

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High Income Fund

Corporate Bond Fund

Equity Income Fund

Corporate Bonds Fund

Equity Income Fund

Companies and Markets CURRENCIES; MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar soft but sterling firmer

The dollar showed small mixed changes in quiet foreign exchange trading, but tended to lose ground during the day, while the pound improved markedly after conditions of late.

Expectations of cuts in the U.S. and German discount rates in the very near future helped to keep the market subdued. The D-mark was generally depressed, not only by anticipation of lower interest rates, but also by the approach of the German general election in March. Weaker members of the European Monetary System tended to recover against the German currency following the lack of any EMS realignment over the weekend.

DOLLAR — Trade-weighted index (Bank of England) 117.0 against 121.6 six months ago. A change of emphasis towards fundamentals such as rising trade and budget deficits has pushed the dollar down recently. High interest rates had previously kept the U.S. unit firm but the Federal Reserve discount rate and bank prime rates were now following a downward path. The dollar rose to DM 1.3580 from DM 1.3540 against the D-mark, and to FFr 6.6825 from FFr 6.68 against the French franc, but fell to SwFr 1.9325 from SwFr 1.9340 in terms of the Swiss franc and to Yen 239.50 from

Y230.50 against the Japanese yen.

STERLING — Trading range against the dollar in 1982-83 is 1.9285-1.9837. December average 1.9176. Trade-weighted index 81.9, compared with 81.9 at noon, 82.1 at the opening, 81.6 at Friday's close, and 90.8 six months ago. Sterling has been very weak of late on fears of an early general election, and forecasts that world oil prices will remain under downward pressure could add to a worsening of Britain's balance of payments. The nervous and volatile conditions have tended to stabilise in the last few days however. Sterling traded within a very narrow range. It opened at 1.9825-1.9835, the lowest level of the day, and twice touched the weaker overall at yesterday's fixing in Frankfurt. Sterling

rose to DM 3.7450 from 3.7450 on Friday. The pound rose to DM 3.7475 from DM 3.73. FFr 10.6725 from FFr 10.5750; to SwFr 3.0725 from SwFr 3.0625; and was unchanged at Yen 835.

D-MARK — Trading range against the dollar in 1982-83 is 2.4349 to 2.4240. December average 2.4225. Trade-weighted index 128.9 against 124.5 six months ago. The D-mark is strong, helped by an improving balance of payments position. It has benefited recently from the weakness of the dollar and sterling, but may suffer in the run-up to a General Election in March.

The D-mark was a little stronger overall at yesterday's fixing in Frankfurt. Sterling

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FRENCH FRANC — Trading range against the dollar in 1982-83 is 7.3250-7.3590. December average 7.3450 against 7.35. FFr 10.5725 from FFr 10.5750; to SwFr 3.0725 from SwFr 3.0625; and was unchanged at Yen 835.

SWISS FRANC — Trading range against the dollar in 1982-83 is 2.4349 to 2.4240. December average 2.4225. Trade-weighted index 128.9 against 124.5 six months ago. The D-mark is strong, helped by an improving balance of payments position. It has benefited recently from the weakness of the dollar and sterling, but may suffer in the run-up to a General Election in March.

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ITALIAN LIRA — 1350.27 to 1318.35. Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency central rates against ECU January 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Danish Krone ...	44.9748	45.0528	+0.18	+1.46	±1.6001
Swiss Franc ...	82.2400	80.9910	-1.75	-0.47	—
Austrian Schilling ...	2.2000	2.2000	-0.07	-0.07	—
French Franc ...	6.81527	6.81527	-1.70	-0.42	±1.3940
Dutch Guilder ...	2.57971	2.53010	-1.92	-0.64	±1.5004
UK Punt ...	0.90942	0.90942	+1.02	+1.02	±1.8897
Italian Lira ...	1350.27	1318.35	-2.38	-1.63	±2.1269

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

	E	S	Note Rates
Argentina Peso ...	81,274.41	81.14	51,120.51-51,170
Austrian Schillings ...	413.30	414.30	249.69-260.99
Belgian Franc ...	73.20-73.70	73.50-73.80	11-13 days
Denmark Krone ...	13.15-13.22	13.18-13.20	11-13 days
Finland Markku ...	8.37-8.38	8.26-8.58	11-13 days
Greek Drachma ...	151.22-152.22	151.40-152.40	11-13 days
Iceland Króna ...	1.12-1.13	1.12-1.13	11-13 days
Iraq Dinar ...	131.40*	131.40*	11-13 days
Italy Lira ...	188.18-189.90	189.18-190.90	11-13 days
Malta Lira ...	150.00-155.00	150.75-152.75	11-13 days
New Zealand Dlr ...	2.1840-2.1890	2.1855-2.1890	11-13 days
Spain Peseta ...	181.20-181.20	181.20-181.20	11-13 days
Singapore Dollar ...	1.0650-1.0660	1.0645-1.0660	11-13 days
South African Rand ...	1.6380-1.6380	1.6385-1.6385	11-13 days
U.K. Shilling ...	5.6205-5.6295	5.6170-5.6740	Yugoslavia ...
	121.13-134		

*Selling rates.

THE POUND SPOT AND FORWARD

Jan 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.	One year	% p.a.
U.S. 5.9825-5.9925	5.9880-5.9890	5.9730-5.9825	2.61	0.88-0.83	2.15	0.70-0.65	1.80	0.55-0.50
Canada 1.9225-1.9425	1.9380-1.9425	1.9370-1.9425	0.10	0.45-0.35	0.10	0.42-0.32	0.10	0.30-0.20
New Zealand 1.12-1.14	1.12-1.14	1.12-1.14	0.00	0.45-0.40	0.00	0.42-0.35	0.00	0.30-0.20
Belgium 7.20-7.25	7.20-7.25	7.20-7.25	0.00	0.55-0.50	0.00	0.52-0.45	0.00	0.40-0.30
Denmark 13.15-13.22	13.18-13.20	13.18-13.20	0.00	0.45-0.40	0.00	0.42-0.35	0.00	0.30-0.20
Ireland 1.12-1.13	1.12-1.13	1.12-1.13	0.00	0.45-0.40	0.00	0.42-0.35	0.00	0.30-0.20
W. Germany 1.12-1.13	1.12-1.13	1.12-1.13	0.00	0.45-0.40	0.00	0.42-0.35	0.00	0.30-0.20
Portugal 1.50-1.55	1.50-1.55	1.50-1.55	0.00	0.45-0.40	0.00	0.42-0.35	0.00	0.30-0.20
Switzerland 1.05-1.10	1.05-1.10	1.05-1.10	0.00	0.45-0.40	0.00	0.42-0.35	0.00	0.30-0.20
U.K. 11.06-11.12	11.06-11.12	11.06-11.12	0.00	0.45-0.40	0.00	0.42-0.35	0.00	0.30-0.20
France 10.80-10.83	10.80-10.83	10.80-10.83	0.00	0.45-0.40	0.00	0.42-0.35	0.00	0.30-0.20
Japan 11.48-11.58	11.52-11.53	11.52-11.53	0.00	0.45-0.40	0.00	0.42-0.35	0.00	0.30-0.20
Austria 26.15-26.35	26.25-26.28	26.25-26.28	0.00	0.45-0.40	0.00	0.42-0.35	0.00	0.30-0.20
Switz. 3.06-3.09	3.06-3.07	3.06-3.07	0.00	0.45-0.40	0.00	0.42-0.35	0.00	0.30-0.20
Balcony rate is for convertible francs. Financial franc 70.05-70.15. Six-month forward dollar 1.49-1.44 pm. 12-month 2.55-2.40 pm.								

£/US\$ rate is for convertible francs. Financial franc 70.05-70.15. Six-month forward dollar 1.49-1.44 pm. 12-month 2.55-2.40 pm.

EXCHANGE CROSS RATES

Jan. 17	Pound Sterling	U.S. Dollar	Deutschmark	Japanese Yen	French/Franco	Swiss Franc	Dutch Guild	Italian Lira	Canadian Dollar	Belgian Franc
	1.0830	1.5889	1.5880	3.748	365.0	10.615	5.073	8149	1.942	73.56
U.S. 1.5825-1.5925	1.5880-1.5890	1.5875-1.5885	1.5870-1.5880	3.7480	365.0	10.615	5.073	8149	1.942	73.56
Canada 1.12-1.13	1.12-1.13	1.12-1.13	1.12-1.13	3.7480	365.0	10.615	5.073	8149	1.942	73.56
New Zealand 1.12-1.13	1.12-1.13	1.12-1.13	1.12-1.13	3.7480	365.0	10.615	5.073	8149	1.942	73.56
Belgium 1.12-1.13	1.12-1.13	1.12-1.13	1.12-1.13	3.7480	365.0	10.615	5.073	8149	1.942	73.56
Denmark 1.12-1.13	1.12-1.13	1.12-1.13	1.12-1.13	3.7480	365.0	10.615	5.073	8149	1.942	73.56
Ireland 1.12-1.13	1.12-1.13	1.12-1.13	1.12-1.13	3.7480	365.0	10.615	5.073	8149	1.942	73.56
W. Germany 1.12-1.13	1.12-1.13	1.1								

SECTION III

FINANCIAL TIMES SURVEY

Personal Computers

Only a few years ago, personal computers were merely for hobbyists. But today sales worldwide are measured in billions of dollars as hundreds of computer companies compete in cut-throat fashion to win a share of the market in micros for home, school, office and factory.

Suddenly there is a micro for everyone . . .

By JASON CRISP

ALMOST OVERNIGHT the personal computer industry has grown from nothing to become a major business that has attracted some of the largest companies in the world.

This fast-growing and highly fragmented industry has attracted hundreds of companies which range from budding entrepreneurial computer engineers, working from home, to corporate giants such as IBM and Xerox. The market place is no less the leading and very fast-diverse, ranging as it does, growing personal computer company, set up in a California garage in 1976. It success owes much to VisiCalc, a very useful business spreadsheet enabling users to pose "what if" questions.

Yet at the heart of these disparate systems are a handful of standard microprocessors from a few semiconductor companies—particularly Motorola, Intel and Zilog.

In the six or so short years since the arrival of the first personal computers, the competitive factors in the market have changed considerably. In the beginning there was just the hardware, the computer itself, when price and performance were about the only criteria for success.

But the industry did not really begin to take off until applications software became available—in other words, when the computer became a useful tool to someone who did not even know how to program it.

The classic example is Apple,

sales to large companies.

Retailers and dealers are limited in the number of personal computers that they can offer because of the limitations of training sales and support staff. And it is becoming harder for manufacturers to sign up good outlets for their products.

The personal computer industry remains dominated by the U.S. companies, including the best-known three, Apple, Tandy

and Commodore which more or less created the business. But in the past year or so they have been joined by a host of companies, including IBM, which has had a major success in the U.S. with its "Personal Computer."

Other U.S. contenders include Digital Equipment, Hewlett-Packard, Sperry, Wang and Xerox and a number of other well-established computer and office equipment companies.

Much smaller companies, growing fast in personal computers in the U.S. include Altos, Convergent Technologies, Sirius, Fortune and Osborne.

The long-expected Japanese competition in personal computers has, so far, had little impact in either Europe or the U.S. For instance, NEC which dominates the Japanese personal computer market, has been notably unsuccessful in the U.S., as have companies such as Sanyo and Oki.

Although the Japanese companies have produced technologically sophisticated products they have tended to lack suitable software and have also run into problems of distribution in both the U.S. and Europe. But the Japanese now dominate their home market, which is becoming increasingly sophisticated and moving from entertainment to business applications.

Also the Japanese are substantial beneficiaries of the personal computer boom as a major supplier of peripherals. Most visual display units (VDUs), and many floppy disc drives and printers are made by Japanese companies.

Japan's products become more compatible

using programs such as VisiCalc. The home computer market remains very strong, particularly in the U.S., where they are widely used for playing video games. In Europe, there has been a strong thrust by a number of governments to ensure all schools have microcomputers. This, in turn, has stimulated sales of computers for the home, with children showing a remarkable enthusiasm for the new technology.

● Britain has the largest market in Europe for personal and home computers. Post-Christmas sales of microcomputers at Laskys (above), are up by 300 per cent over the same period last year. Mr Peter Klein, Lasky's managing director, comments: "A large part of the increase is due to the growing number of schools which now have computers—it is children who are bringing their parents into shops and advising them what to buy."



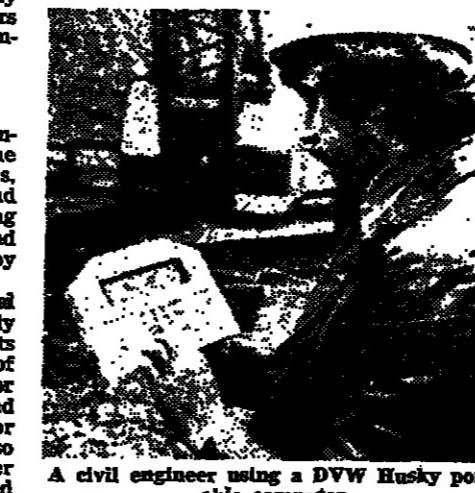
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Micro marketing and distribution		VI

THE WORLDWIDE PORTABLE COMPUTER MARKET						
SHIPMENTS AND REVENUE FORECAST, 1981-1986*						
	Shipments ('000 units)					
	1981	1982	1983	1984	1985	1986
United States	17.5	92	173	314	525	822
Total	26.5	115	230	449	808	1,370
Percent U.S.	66	80	75	70	65	60
Revenues (\$m)						
	1981	1982	1983	1984	1985	1986
International	9.0	23	57	125	283	548
United States	\$45.0	\$192.0	\$345	\$566	\$975	\$1,260
International	28.8	47.7	115	242	525	840
Total	\$73.8	\$229.7	\$460	\$808	\$1,500	\$2,100
Percent U.S.	61	80	75	70	65	60

* Excluding calculators and consoles. † CAGR, compound annual growth rate.

Source: Creative Strategies International

● Portable computer devices: new markets opening up... see Page III



News

IBM USES July 1982

Personal fever as DEC debuts

THE LAUNCH by Digital Equipment (DEC) of three personal computers has taken place simultaneously in Britain and the US. Analysts have been reasonably impressed with DEC's new offerings. They believe that the price of a DEC Professional, as DEC calls its top-end personal computer, will be around £2,500. Another entrant at the upper end of the personal computer market this summer has been reluctant to deal with companies they are unfamiliar with.

US analysts have been reasonably impressed with DEC's new offerings. They believe that the price of a DEC Professional, as DEC calls its top-end personal computer, will be around £2,500. Another entrant at the upper end of the personal computer market this summer has been reluctant to deal with companies they are unfamiliar with.

DATA LINE
24th May 1982

Software firms eye new DEC micros

THE NEW microsystems with which Digital Equipment hope to conquer the personal business computer market are already exerting a magnetic pull on software producers.

Two of the first companies in the UK to confirm that they have adapted their software to run on the DEC machines are Applied Data Research and Practice Software.

"We've signed a deal with DEC to provide it with suitable versions of our Empire accounting software suite," ADR's Nick Pollard told *Dateline*.

"There has been very close collaboration between the two companies," Empire's

Having underwhelmed the world with its Office Plus announcement recently, Digital Equipment (DEC) seems to have delivered a big winner with its family of four personal computers launched last week at a teleconference linking London, Toronto and Boston. DEC's founder-president, Kenneth Olsen, had said before the launch that DEC intended to "win." But it looks as though even he might be surprised.

The program loaded is in 8-bit or 16-bit format. This makes it much more flexible than the IBM personal computer and, at £2,400, it is more competitively priced against the IBM machine, which costs just under £3,000.

DEC's top brass stress that the machines have been designed to run the widest possible range of applications programs from word processing to financial management.

Digital Equipment, best known in the minicomputer world as DEC, has finally made its entry into microcomputers—and looks likely to make quite a splash.

The launch of the Rainbow 100 personal computer, combined with two more up-market systems closer to the company's minicomputer line, shows that DEC is serious about its market.

That the customer gets the widest possible choice of business software.

But for most people the first thing to notice is the price. DEC will offer the Rainbow at between £2,000 and £2,400, including the twin processor, computer, disk and monitor.

To: Digital Equipment Co. Limited, Customer Information Centre, Lay's Close, Viables Industrial Estate, Basingstoke, Hants RG21 4BS. Telephone: Basingstoke (0256) 59200.

Please send me my free "Guide to Personal Computing".

Name _____ Position _____

Company _____ Address _____

Phone _____ Application _____

FT18/1

Doing more. The Digital difference.

digital

was captured by FINANCIAL TIMES 11th May 1982

Digital's computers undercut competitors

BY LOUISE KIRKIN IN SAN FRANCISCO

DIGITAL EQUIPMENT (DEC) has sent a shock wave through the personal computer industry with the introduction of a new range of high-performance low-cost machines. DEC has been expected to enter the personal computer market for over a year. Yesterday, the world's leading minicomputer manufacturer made its move.

DEC is introducing three machines—personal computers for the business environment—each offering improved performance over its competitors' machines. The shock was not so much the performance as the low prices. At the time of the

introduction, DEC's new machines were being offered at prices lower than those of its main competitors. DEC's new machines are being offered at prices lower than those of its main competitors.

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PERSONAL COMPUTERS II



How Epson beats the competition.

What competition?

The amazing HX-20.
The most complete portable computer available today.

The HX-20 is a portable computer with a full size typewriter keyboard, LCD screen, printer and microcomputer facilities actually built in. A computer with a microprocessor processor that's perfect for business, yet small enough to carry in a briefcase.

But don't let the size fool you. The HX-20 is not a gimmicky toy or an excuse for a calculator. It's a precision machine using a full extended version of Microsoft BASIC with 16k RAM, optimally expandable to 32k and 32k ROM expandable to 40k. RS-232C and Serial interfaces. The ASCII keyboard has 80 programmable keys bring ten separate programming functions to your fingertips.

Power to page others.

The HX-20 runs on its own power supply for over 50 hours and can be easily recharged overnight, or whilst in use, with the ability to retain its memory in RAM even when switched off.

Keeping you in the picture.

The LCD screen is unique - showing any 20 characters by 4 lines at a time - enabling you to carry out word processing or data entry as if you were using a home screen.

Print on 80 columns.

The 34 column dot matrix impact microprinter offers 42 LPM in a crisp, precise 5x7 matrix for perfect hard copies. Every time. And you can choose from a wide range of peripherals from bar code readers to acoustic couplers for total compatibility.

HX-20 PORTABLE COMPUTER

Epson. Reliability through Research. You'll find our name on a highly successful range of computer printers. So you can be assured of the highest quality and reliability through an extensive research programme prior to the launch of any Epson product.

Clip the coupon below or call us for further details and the name of your local stockist (because seeing really is believing).

Just take a glance at the competition and you'll soon realize that the HX-20 is the most portable computer available today.

Epson (UK) Limited,
Frascati, Wembley, Middlesex HA9 6ER.
Freecall: 2730, Telex: 8814165.

EPSON

Extraordinary product.
Exceptional quality.

Please send me details of the HX-20 and the name of my nearest stockist.

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Position _____

Company Name _____

Address _____

Tel No. _____

FT 483



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You don't have to be an expert to take advantage of this incredible management tool. At ComputerLand, you'll find a whole staff of experts to show you the way. You'll also find the widest selection of affordable, easy-to-use personal computers available anywhere. Plus all the support, software, and service you need to make the most of them.

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The U.S. market has grown by 83 per cent in a year

Sales are soaring

WHICH personal computer should I buy? This is the question troubling thousands of Americans this year. Fortunately there is no shortage of people ready to give them an answer. An estimated 130 U.S. companies are competing for a share in the profits of the personal computer market.

U.S. sales of personal computers costing less than \$10,000 will top \$3bn this year, representing a growth of 83 per cent, says Datquest. This estimate includes only the basic computer price. Future Computing, a market analysis group in Richardson, Texas, pegs the 1982 market for personal computer hardware — including peripherals — at \$4.4bn and expects it to double by 1987. Both groups say they believe their estimates are conservative.

However, many billions of dollars worth of personal computers are out there; there is no escaping them. TV and radio commercials tout the latest machines and software products. Parents are urged to give their pre-school youngsters a head start with CDC's Plato software. Radio phone-in programmes answer the urgent enquiries of new computer users about how to operate their machines. Teachers advertise after-school tutorials for the aspiring computer programmer — aged five to 11. While consumer spending is generally in a slump, sales of personal computers soar.

There is a personal computer for everyone. Last year Atari announced computer games for three year olds with a simple press button control. There is a personal computer designed for the status conscious who does not want a keyboard panelled permanently on his desk — it folds away to fit in a drawer. There are portable computers for the business traveller, desk-top computers for the secretary, school computers.

Competition

Behind all the hoopla, a growing number of computer suppliers are competing in cut-throat fashion to establish, or hold on to, a share of the market. Just three years ago personal computers were for hobbyists — people who enjoyed tinkering with electronics. With the changing pattern of computer usage several new market sectors have developed — each with its own group of suppliers and distributors.

Established microcomputer makers have been forced to extend or revise their distribution channels. Office automation companies are dealing for the first time with retail stores. Consumer product

manufacturers are treading the path of direct sales. Distribution has become a critical element in the success of a micro-computer.

The computer retail store still sells the bulk of microcomputers but that is changing fast. Specialist stores cannot compete with high-volume retailers in the low end of the personal computer market. The true home computers — machines priced around \$200 — are sold in toy stores, department stores and supermarkets. A smattering of consumers and suppliers alike, willing to carry add-on hardware and software for the machines.

Leaders

In home computers the leading suppliers are Texas Instruments, Commodore, Atari and Sinclair. Since a large proportion of the home computer users are children, there is a close link between this sector and the education market. By the end of 1983 every public school in the U.S. is expected to have at least one personal computer. Many will own several. Texas Instruments, Atari and Apple Computer have been particularly active in this field.

Personal computers in the \$1,000 to \$5,000 range are the prerogative of the computer store. Customers are offered a degree of support and a selection of software and add-on devices. A new trend in computer retailing is the software store that concentrates its efforts on selling the programmes that make the personal computer run. Also popping up around the U.S. are personal computer service centers that offer quick repairs to users.

In the middle price range personal computers have entered the office automation market, appealing particularly to small businesses as an inexpensive means of automating filing systems and providing word processing capability. In this market sector software sells microcomputers. Apple Computer, for example, has continued to maintain a lead in the market with its Apple II despite the fact that the machine is in many ways outdated by competitors, primarily because there is more software available for the Apple II than any other microcomputer. Next week Apple will introduce an updated version of the II.

A year ago Apple and Tandy led the personal computer market and a host of others followed. Then IBM upset the "apple cart" of the microcomputer market with its own version of the personal computer. In the middle price range personal computers have entered the office automation market, appealing particularly to small businesses as an inexpensive means of automating filing systems and providing word processing capability. In this market sector software sells microcomputers. Apple Computer, for example, has continued to maintain a lead in the market with its Apple II despite the fact that the machine is in many ways outdated by competitors, primarily because there is more software available for the Apple II than any other microcomputer. Next week Apple will introduce an updated version of the II.

A year ago Apple and Tandy led the personal computer market and a host of others followed. Then IBM upset the "apple cart" of the microcomputer market with its own version of the personal computer.

With 16-bit architectures, personal computers cross into the corporate office automation field. These \$7,000 plus machines can perform the tasks formerly handled by minicomputers. An important feature of the high-end microcomputer is its ability to communicate with other computers on a network. A fast-growing market for personal computers has emerged among large corporations that are putting a computer on every — or almost every — desk.

Louise Kehoe

IBM has established a 20 per cent market share and is second only to Apple in the over \$1,000 personal computer market.

IBM is expected to introduce another lower-priced personal computer in 1983, possibly a portable version of the PC.

Apple Computer also has machines waiting in the wings. Next week the company is scheduled to introduce Lisa — a "revolutionary" machine that will change the meaning of the words "personal computer" according to Apple. Like many of the other personal computers Lisa will be built around a 16-bit microprocessor chip. That will give it three times the speed and four times the memory capacity of earlier 8-bit computers.

More important, Lisa is designed to be easy to use. The control codes needed for most computers to select functions will be replaced by a device called a mouse — a hand-held unit that slides on the desk top and controls the movements of an arrow on the screen. Point the arrow at a graphical representation of the required function, press the button and that's it. For the business managers and professionals that are expected to buy Lisa, simplicity is essential. The computer makers know that the weeks of frustration that go into learning to use most personal computers are not acceptable in the executive suite. Eventually, the "friendliness" of the \$8,000 Lisa is expected to trickle down to less expensive machines.

Significant

Lisa's impact in the personal computer market will be significant whether or not the machine is itself a success. Already, software publishers are rushing to match the features of Lisa on programmes designed for other machines. These so-called integrated software packages allow the user to perform several tasks simultaneously. To do so they require the power of a 16-bit microprocessor.

The move toward multitasking as the industry calls it is likely to accelerate the growth of the high-end personal computer market.

With 16-bit architectures, personal computers cross into the corporate office automation field. These \$7,000 plus machines can perform the tasks formerly handled by minicomputers. An important feature of the high-end microcomputer is its ability to communicate with other computers on a network. A fast-growing market for personal computers has emerged among large corporations that are putting a computer on every — or almost every — desk.

There are now at least 70 companies in the market, ranging from the traditional electronics giants (NEC, Toshiba, Hitachi, Fujitsu, Sony and Sord) to otherwise insignificant manufacturers of household appliances.

Competition is cut-throat, even with rapidly expanding demand, and some business failures must be considered inevitable. The personal computer sector, incidentally, is one which the Ministry of Trade and Industry (MTI) has never taken under its protective wing.

Last year's output of personal computers in Japan probably exceeded 700,000 units, well over double 1981. Three years ago, the U.S. pioneers in the field (Apple, Commodore and Tandy) dominated the domestic market, but today they probably command under ten per cent.

IBM, well-established in Japan, is a different matter: indeed, it was IBM's decision in 1981 to move into the personal computer market which undoubtedly served as a spur to Japanese industry. Always strong in hardware and performance, it quickly perceived that the future of the game was to produce equipment competitive with IBM products.

It helped enormously that IBM opted for the 16-bit microprocessor because Japan has mastered the economics of scale in chip manufacturing and can turn out larger capacity microprocessors almost as cheaply as small ones.

Thus, at the recent Tokyo electronics exhibition in October, six leading Japanese manufacturers (NEC, Toshiba, Sanyo, Hitachi, Mitsubishi Electric and Matsushita Electric) were all able to show personal computers fully comparable with IBM equipment and software. This fact is important because Japanese software has often been considered subpar by international standards.

The longer-term future for the Japanese in the global personal computer market may well be as the principal manufacturer of hardware. IBM buys the printer for its personal computer from Japan and it is only too easy to envisage Japan supplying foreign companies with personal computers for sale overseas under "original equipment manufacturer" (OEM) arrangements, just as it has done so successfully with televisions and video tape recorders.

In the medium-term, however, the direct export market beckons, if for no other reason than that the major Japanese companies want to make their presence felt. Last year, domestic sales were so good that probably no more than 20 per cent of personal computers put out by Japan. But most of the big companies and a handful of the smaller ones are now focusing on the U.S., in particular.

Japanese become more compatible

THERE IS a growing school of thought which believes that 1983 will be the year when the Japanese properly sink their teeth into the international personal computer market.

So far, they have appeared almost curiously diffident to exploit a technological area to which their expertise should be so suited. But there is evidence now that they have used their time and experimentation in an explosive domestic market to good use.

If this is true, then one simple announcement at the turn of the New Year is testament to the energy and resources Japan has been devoting to personal computers. After much laborious work, Matsushita Electric disclosed that it had developed a computer language of its own, using not English, but Japanese characters and ideographs, and eminently suitable for use in personal computers.

This may seem less than earth-shattering to the outside world, yet solving the language riddle has occupied some of the best Japanese computer minds for years. Japanese, not English, is not matched at once on simplicity and precision. Language: it has two phonetic "alphabets" (kana) and countless Chinese characters (kanji), knowledge of 2,500 of which constitute a minimal working vocabulary.

Devising a straightforward computer language in Japanese had seemed so daunting a task that there was speculation that Japan might bypass this stage and go straight into programming by voice recognition; NEC already has such a device, though with limited capability, on the market.

Strong appeal

But the keyboard has a powerful appeal: and particularly among the amateur users of personal computers, only ten per cent of whom in Japan are said to be comfortable performing programming tasks in computer languages based on English.

There is every reason to suppose that Matsushita's breakthrough will open a veritable floodgate. Hiding behind its domestic shroud, the Japanese personal computer industry has been growing so fast in the past three years that it is hard to keep track of who is doing what.

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Jurek Martin

Joe M. G. 150

PERSONAL COMPUTERS III

The trend is towards integrated software capabilities

Big changes in software systems

NEW microcomputer users are quickly apprised of the harsher realities of software. Executives in large companies are protected by their data processing departments from ever having to come to grips with the fact that their computer has an operating system and that operating system determines the kind of programs the computer will run.

Not so the lone micro star. Right from the word go, the microcomputer user has to realize that unless he or she is going to write all the applications software for the machine, then the choice of operating system is actually more important than the computer itself.

What is an operating system? It is a piece of software which carries out the computer's housekeeping functions. It determines, for example, how it will deal with its disc storage, how it will handle the display screen; if more than one user is connected to the computer, it determines the priority with which each of their requests should be treated.

And it tells the computer how to handle applications programs, lists of computer instructions telling the machine how to carry out specific tasks which are loaded into the computer's memory when required.

In the beginning, there was operating system anarchy. Every microcomputer manufacturer developed a system to suit his own machine.

Commodore

Commodore, for example, which with the Pet produced the first properly packaged and marketed personal computer, developed its own real time and interactive operating system to run on its increasingly sophisticated range of machines.

Commodore's lead in the marketplace soon meant that a massive amount of microcomputer software was written—but it could only run on Commodore machines.

The turning point was the development of a disk-based, portable microcomputer system which, because it was the first of its kind or because it was simple and effective or a bit of both, became the de facto world standard.

It was called CP/M (Control Program for Microcomputers) and it was developed by Gary Kildall of Digital Research in the early 1970s.

Now it has been adopted by

over 600 microcomputer manufacturers including IBM, Digital Equipment Corporation, Hewlett Packard, Xerox and Wang. It is a single user system for a very popular family of eight-bit microprocessors developed by Intel—the 8080 and 8085 (Kildall was working under contract for Intel while developing CP/M).

The hobby computer boom was in full swing, floppy discs were becoming popular as principal backing storage on micros and CP/M simply took off. Kildall says now: "It was a small matter of low-cost processor and a low-cost language medium with a practical easy-to-use operating system that didn't try to do everything."

It was certainly good enough to support the development of a mass of packaged software—perhaps as many as 4,000 packages—all of which would run on any machine using CP/M as its operating system.

Portability of software—the ability to take a piece of software running on one machine and transfer it without alteration to run on another has long been a goal of micro software writers.

In the 1970s, Computer Analysts and Programmers developed MicroCobol, a special version of the world's most popular commercial computer language which when used in conjunction with its own operating system allowed portability.

There were problems, however, and eventually a new company, MPSL, headed by Alastair Jacks split off from CAP to develop and market the new software. Now it consists of an operating system, BOS, together with applications software for word processing, accounting and other business uses.

BOS software will run on 50 or so micros—the applications software is portable, the operating system has to be tailored to the microcomputer in question.

In the UK, MicroFocus, a small software house has twice won the Queen's Award, once for technology, once for exports for the development of CIS-Cobol a form of Cobol which could be moved from machine to machine. The program is modular, and one part of the module defines the relationship between the program and the operating system.

But the world is moving on to

faster and better microprocessors. Some argue that an operating system called MS/DOS marketed by Microsoft of the U.S. is the industry standard for 16-bit machines; others argue in favour of CP/M-86, a high performance version of CP/M designed for 8086 and 8088 based 16-bit machines.

The IBM Personal Computer, yet to be launched in Europe, is offered with either MS/DOS or CP/M-86.

Other 16 bit operating systems which are in the running include Unix and UCSD-p.

Now software manufacturers are turning to what they call "integrated software".

Basically, this is a special piece of housekeeping software which is fitted on top of the operating system and manages a number of applications programs at once. It enables, for example, word processing to be combined with graphics and spread sheet analysis to enable businesses to generate reports.

Progress

Visicorp (of VisiCalc fame) was one of the first to introduce integrated software—it calls its offering "Visi-on."

Apple's latest machine to be launched today will have integrated software capabilities built in.

The microcomputer software business is in a state of dramatic change with the emergence of software "packagers" companies who publish applications programs in rather the same way conventional publishers publish books. Software publishers buy-in programs from software authors, edit them, package them and sell them, package them and sell them, for comparatively modest sums.

Major U.S. publishers include Lifespan Associates and VisiCorp; in the UK Carlton was the first to put up its shingle. Now it is offering Cardbox, a personal filing system, Optimiser, a project resource planning aid and Touch 'N' Go, a typing tutor.

There is massive scope for programs of all kinds. For £90 Professional Computer Services will sell you a cheque writer to run on your Commodore. For £250 Arden Data Processing will sell an estate agent a system to run on an Apple II.

Some idea of the scope can be gained from the fact that only last year, Macro Focus

launched a program called "Animator."

It simply displays Cobol source code on the screen while the program is running, the cursor moving from line to line as each is executed.

The idea is to make it easier to understand the logic of the program and assist the programmer in getting rid of the bugs (errors) it contains.

It sounds like the archetypal obvious idea, yet Micro Focus believes it is the first software house to write and market such a program.

Software for the smallest personal computers—the Z80 for example, is ridiculousely cheap. A simple planning system or file system can be had for £7.50 or so. Personal computer magazines publish perfectly respectable programs for the cover price of the periodical.

What is worrying most commercial software producers is piracy. It is very simple to load a piece of software from tape or disc and unload it onto another disc or tape. According to Mr Ashton, Ward of Intelligence (UK) more than 80 per cent of software in use on microcomputers has been pirated.

One answer is the dongle, a device which fits on to the user's microcomputer and which allows the use only of authentic software on that machine.

Dongles or software protection devices seem increasingly certain to become a condition of sale of software packages. The future of independent software houses may depend on them.

Alan Cane

FOR MANY companies familiar with mainframe computing, microcomputers have represented an opportunity to switch from "sledge hammer" solutions to more flexible, personalised approaches.

According to Mr John Seifert, managing director of ABC (Computers): "It became obvious that the job engineers needed direct access to the computer system, both in order to gain the full benefit from its use, and to help overcome the computer barrier that existed then and, to some extent, still persists today."

Microcomputers became the answer in 1978. From the original application in a steel-work program using a Tandy

170 people, plus a shift in the total practice workload, the use of personal computers became particularly attractive.

Kenchington Little and Partners, a medium-sized building and engineering consultancy with its own computing arm, had begun using a central mainframe computer system in the mid-1960s for use in its work with reinforced concrete structural design. With the increase in

microcomputers became the answer in 1978. From the original application in a steel-work program using a Tandy

New markets for sophisticated portable devices

computer, a personal computing device weighing less than 30 pounds, with microprocessor, memory, standard alphanumeric keyboard and keyboard all in a durable carrying case.

This sector divides naturally into two clear market segments—the expensive executive personal computers, exemplified by the Grid Compass and the cheaper but tougher sophisticated data collection devices, illustrated by the DVW Husky or Dataport PCT.

What has generated this sudden proliferation and diversity of machinery? Cheaper improvements in the technology. In the past few years, semiconductor houses have moved to a way of fabricating silicon chips called complementary metal oxide silicon (CMOS) making it possible to store an amount which would have been perfectly respectable in a stand-alone minicomputer of only a few years ago.

The SORD M23P, a new machine from one of Japan's fastest growing computer companies, has two built-in microfloppies (3.5 inch plastic discs) giving a total of 580 thousand bytes of storage, in addition to 128 thousand bytes of fast memory.

According to Creative Strategies, there are currently over 10m portable computing devices installed worldwide and 2.2 million were shipped in 1981 alone. In 1986, Creative Strategies continues, some 12.5 million units will be shipped.

Definitions

The exact number of devices installed or shipped depends very much on the definitions used, but the pattern remains the same. In the UK, John Bell Computer Services of Fleet, Hampshire, has examined the portable terminals market and concluded that market demand for these devices is increasing at over 30 per cent in the U.S. and at over 40 per cent in the UK.

Of the 10m devices which Creative Strategies argued were installed by year end 1980, most

were programmable calculators, but Creative predicts: Within the forecast period, shipments of portable computing devices will grow at a compound annual rate of approximately 60 per cent, with revenues growing at the rate of 60 per cent compounded annually.

So there will be a substantial number of these devices used. What will they all be used for? Creative points out that high end programmable calculators will be capable of replacing programmable controllers in industry. "This will be a tremendous saving to manufacturers who will be able to purchase a programmable calculator at less than \$400 as compared with a \$2,000 controller."

Most of the more sophisticated machines will be used for data capture and processing. The John Bell study points out: "Portable terminals are having a high impact because they have the benefits of eliminating costly data entry staff, reduce the time taken from data recording to processing at the central computer and make easy data collection."

At the top end of the market, manufacturers sell briefcase computers as personal computing for executives—an alternative to paper and pencil.

According to Creative, Apple is working on a portable computer with 28 thousand bytes of read and write memory. Xerox is working on the Dynabook, a portable version of its "Star" executive workstation.

A novel application noted by Creative is horse race analysis: "Several manufacturers are marketing specific programmable calculators for handicapping horse racing. Mattel has introduced its 'Horse Race Analyser, priced at \$125—it compares ratings, but leaves the betting choice to the user."

A.C.

How micros provide a more flexible approach

FOR MANY companies familiar with mainframe computing, microcomputers have represented an opportunity to switch from "sledge hammer" solutions to more flexible, personalised approaches.

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the consultancy's clients.

Five branch offices have their own Tandy personal computers, backed-up by a central computing unit which provides professional advisory, maintenance and buying services.

All engineers—from young trainees to chartered engineers—are encouraged to make use of the firm's computer facilities.

For younger engineers in particular, microcomputers are a training godsend, says the company. The computer allows them to try alternative solutions, and test the sensitivity of structures they design to various types of loading and stiffness

arrangements. From an examination of the results, young engineers can obtain a "feel" for the right answer and develop their value to the organisation.

ABC's introduction of microcomputers to Kenchington Little has meant a change in the user-philosophy for a particular program relating to the then existing limitations of microcomputers.

Mr Seifert says: "It is significant that five years after the introduction of the TRS-80 Model I, the latest Tandy 16 bit machine, coupled to a hard disc, will provide the capacity to revert to an integrated system."

"...in W...

can choose 16 different colours, from a spectrum of 256 hues. You can even blow up an image or sentence on the screen, a real boon if you're teaching a child to read, or even if you're just making a point.

In fact, on an ATARI computer, you can divide the screen into 60,000 tiny points, each of which can be changed individually to create exceptional graphics. You'll find it makes geography even more riveting as only a good teacher can.

Look, listen, learn.

Yet another chip in our computer lets you create more realistic sound effects. You can even make music in four-part harmony, using the four independent sound synthesizers and play it through the speaker on your TV.

The syllabus.

The ATARI computer has one of the largest software libraries in the world.

We have a program called Graph It" which produces pie charts (and makes maths even more fascinating).

Another program called Video Easel" allows children to explore the world of design, colour and form; while Music Composer" helps children to compose and play music.

As for languages, we have software that can help you teach French, German, Italian or Spanish and, using Atari's unique 'sound through' system, it'll even help with pronunciation.

We even have a program that can teach children how to write their own programs.

Technical notes.

Technically, the ATARI 400" Home Computer houses 16K RAM and 10K ROM; while the ATARI 800" can handle up to 48K RAM and 10K ROM which gives you a lot of computer.

"Dad?"

Of course, our computers won't replace teachers, nor will they take over the role parents have always played in encouraging children to learn (or even giving them a hand with homework).

They will, however, make learning as fascinating as only a good teacher can make it.

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FT 16A



Home Computers
you'll feel at home with.

"Dad, can you help me with my homework?"

Over the next two years, nearly every primary school in the country will have a computer on its staff. Ask yourself this question: would you appoint a member of staff without looking at his or her CV?

Here are the CVs of the ATARI® Home Computers.

What makes a good teacher?

A good teacher can bring any subject to life. At Atari, we've taken our inspiration from the best teachers we've ever met.

Inside our computers, we have a microprocessor whose only job is to operate our high resolution graphics. All told, you

PERSONAL COMPUTERS V

Another winner for Sinclair

TO MANY people Clive Sinclair appears to be God; others, however, might prefer to call him Mud. In the first category come many of the million or more people worldwide for whom he has made the world of personal computing available at a cost which only a few years ago would have seemed inconceivable. In the second category come some of those who, ordered Sinclair's new computer, the Spectrum, in its launch last year, only to suffer delivery delays of, in some cases, three months.

These delays have now been overcome, according to Sinclair Research, and the Spectrum, currently being produced at a staggering 40,000 units a month, is well on its way to emulating the runaway success of the best-selling ZX81 computer, more than 500,000 of which are in use worldwide.

Admiration

After using a Spectrum for six months I can only express admiration for the technology packed into this little box, which measures only 235 x 144 x 30 mm. It has proved easy to programme, despite a rubber membrane keyboard which tends to detect certain typists, and in spite of (or perhaps because of) its single key keyword entry system: type "A" at the beginning of a line of instruction, for instance, and the computer types "PRINT" on the screen; this is considered a convenience by some—me, for example—and a nuisance by others, but it saves on computer memory and certainly helps beginners to learn to program correctly.

With some 200 different functions and letters to be packed on to only 40 keys, learning the Spectrum keyboard might seem a daunting task but, as many parents will have already noticed, it only takes a bright 10-year-old a few hours to master it. The free tape that comes with the Spectrum contains an excellent keyboard trainer.

The computer comes with either 16 or 48 kilobytes of user available memory, at £125 or £175 respectively; I would recommend the larger version for its ability to hold sensible quantities of data to play good versions of chess programs and complicated Adventure games. Its language is Basic, in a wide-

CASE STUDY ON NEW APPLICATIONS

An aid to farmers

AS a farm management consultant with 17 years' experience with ICI, Iain Rennie knew that he had to be prepared to get mud on his boots if his advice was ever to be taken by the farming community.

Now that he has left ICI and set up as a freelance, travelling round the farms in Hampshire with a portable computer in the back of his car, he is more than ever aware that there must be mud on the edges of the print-out if its verdict is to be trusted.

His aim is to harvest data on the farm, feed it into his portable, and use new technology to help solve the practical problems of practical men.

Although he has only recently started his service, he already has 20 clients and two agricultural merchants have expressed interest.

For one farmer, Iain Rennie uses his computer to go through the books, work out cash flows and predict future credit needs. He then takes the printouts to the farmer's local bank manager to negotiate the loan.

Both the farmer and the bank manager are greatly relieved, he says.

Another farm has a severe management problem. There is no proper identification of individual cows and no way of establishing accurate lactation records.

"It will probably take me half a day a week for a year to sort it out," says Rennie.

Raymond Snoddy



Peter Fisher, a millionaire at 22

A big success for Pete and Pam

THE STORY of Pete and Pam Computers of Rossendale, Lancashire, is a commercial fairy tale—the story of how two social workers in inner London bought a personal computer and became millionaires in less than two years.

It all began with a single disk and which is expected to sell for around £40.

During its two years on the market, the Sinclair ZX 81 has had to face little competition so far from similarly priced machines. With the Spectrum, the situation will be different: computers costing £200 or less are already on the market or promised from Commodore (Vic models); Acorn (Electron); Oric; Dragon; Computers (Lynx); Atari; Lowe; Electronics (Colour Genie); Jupiter (Ace); Tandy; and Texas Instruments.

There seems little doubt that the Spectrum will remain well up among the leaders in this market for the next year or two but to stay ahead of the field Sinclair may well find that it needs to tighten up on reliability—some of the early Spectrums have been suspect, and on its rather quirky sales and service arrangements. Sinclair tried to charge me twice for my Spectrum; presumably consumed with shame, they then tried to make two refunds!

Colin Inman

USER'S VIEWPOINT BY DAVID JONES

A dealer's help can be crucial

DON'T LET yourself be put off by the stack of manuals that arrive with your computer. The mountain will prove to be as reassuring as it is initially intimidating.

The quantity of information that had to be assimilated in those first few days after unpacking my Apple computer, its disc drives, screen printer and software was alarming—or so it seemed at the time. Now, a year later, I tend to think that documentation is not always sufficiently comprehensive.

The variation in the intelligibility of the handbooks was enormous. The Apple documents themselves were of a high standard, if sometimes rather muddlingly organised. The handbook that comes with the Epson printer, however, was an outstanding example of how not to explain a new machine to a layman.

One of the main faults in the Epson manual, and one which tends to be a characteristic of the personal computer industry as a whole, was that it failed to explain clearly the relationship between the printer, the Apple computer and the software.

Printers are often sold in ignorance of the computers they are to be used with or of the software to be run. Computer manuals are written without knowing which printers and software are to be used. And although program users take into account the computer to be used, they frequently only mention whether the program is broadly compatible with a particular printer, and not whether there are any special commands or features that must be taken into account.

The difficulties of compatibility can be even more complex. The capacities of most computers can be stretched by fitting so-called boards, containing extra circuitry and chips. These may work with some programs and not with others.

Difficulties

Yet, despite the difficulties associated with so many separate manufacturers and software houses supplying the market place, the industry's publicity (and more reprehensibly magazines) plays down the problem of compatibility.

It were of only minor significance and irritation. So it may be for a computer buff who has many hours to pore over difficulties, but it's a different matter for the normal mortal who just wants to understand as quickly as possible how to make his equipment perform properly.

At times such as these the knowledge and readiness to help of the dealers becomes crucial.

I have much respect for Chris Gillard of Pete and Pam Computers for in providing support for example, in making a graph-drawing program called Appleplot work satisfactorily on an Epson printer.

Pete and Pam Computers tries to keep in touch with its customers so that, if one solves a particular problem, the solution is available to its other customers. Would that more dealers adopted the same approach.

Moreover, newcomers and even more experienced users are immensely vulnerable to the dishonest software salesmen who pretends to know well the program you are interested in, but in practice has barely used it. There can be few consumer markets where the purchaser is at more of a disadvantage than with personal computing equipment and software.



Last year, Vlasak Dealers sold over 2,500 Orbit Systems to Apple Computer users.

Until recently, it was only the users of Apple II and III microcomputers who had the advantages of Orbit Business System. And that really meant something.

Now that Apple users had a fast, flexible, easy-to-use and comparatively-priced business system, purpose-built to provide them with the broadest possible range of configurations, thanks to the unique combination of hardware and Orbit software products. It meant that accounting, stock control, sales invoicing, payroll and other systems were streamlined to such a degree that the performance was equivalent to that of a large mainframe computer.

It means that as an Apple user's company grew, so could Orbit's system capacity. All in all, it meant that Apple users had a tremendous advantage over other microcomputer users.

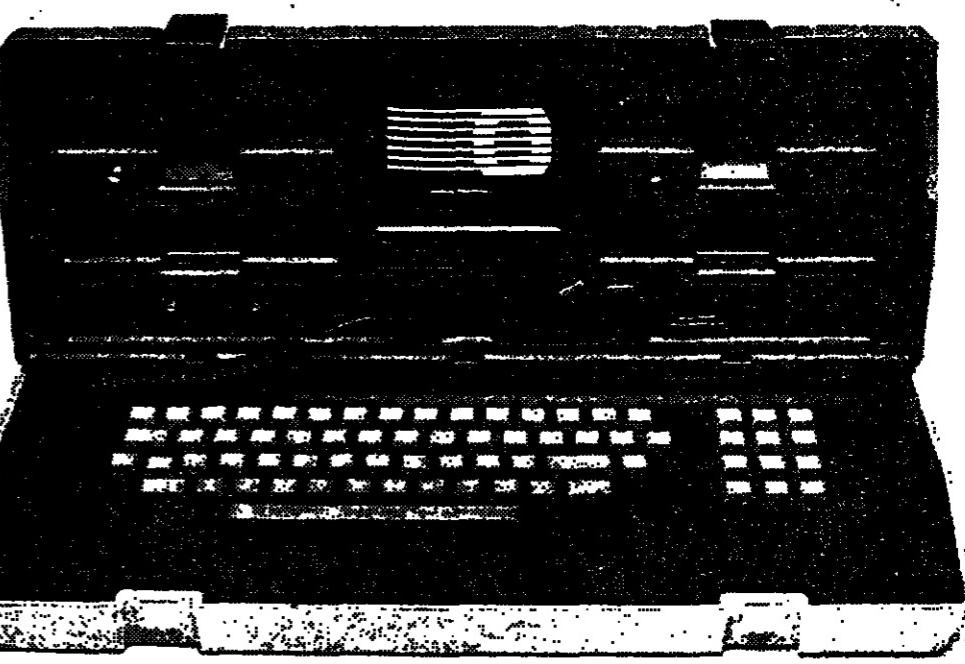
Until now.

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A demonstration by my local Dealer
To receive your new Dealer Pack

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Company _____
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Carry away the best personal business computer deal ever.



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With its new double density disk drives, the portable Osborne 1 has increased its data storage capacity.

That means you can use your Osborne 1 for all those jobs involving a large volume of data.

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With dBase II®, you can put your Osborne to work on a whole range of the information handling jobs that previously took up so much of your valuable time.

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And don't forget that at £1,375 (plus VAT) the Osborne 1 already includes SUPERCALC® for electronic spreadsheets, WORDSTAR®

for word processing, CP/M® the control program that gives you access to the world's biggest library of software options, plus CBASIC® and MBASIC® for programming.

That's software worth a total of over £1,250. No other computer company can offer you anything like this value for money.

So see your local Osborne Authorised Dealer now and carry away the greatest deal ever.

To the Osborne Computer Corporation (UK) Ltd., 20 Timbers Drive, Biledens North, Milton Keynes MK4 5LL, Bucks, Tel: 01908 61274. Tel: 01234 22220. Please send me full details of the Osborne 1.

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Company _____
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SBORNE 1

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Raymond Snoddy

The £1,375 suggested retail price for the Osborne 1 is registered trademark of Osborne Computer Corporation. Includes a full function keyboard, built in CRT display, two built in double density floppy disk drives, CPU and 64 kilobytes of RAM memory, RS-232 and IEEE 488 interfaces, and the following software packages: WORDSTAR® word processor; MAILMERGE® (a trademark and a registered trademark of MicroPro International Corporation of San Rafael, California); SUPERCALC® electronic spreadsheet system (a trademark of Ashton Tate Inc.); MBASIC® (a registered trademark of Microsoft); CP/M® (a registered trademark of Digital Research); and dBase II® (a registered trademark of Ashton Tate Inc.).

PERSONAL COMPUTERS VI

IT WON'T TAKE A MINUTE

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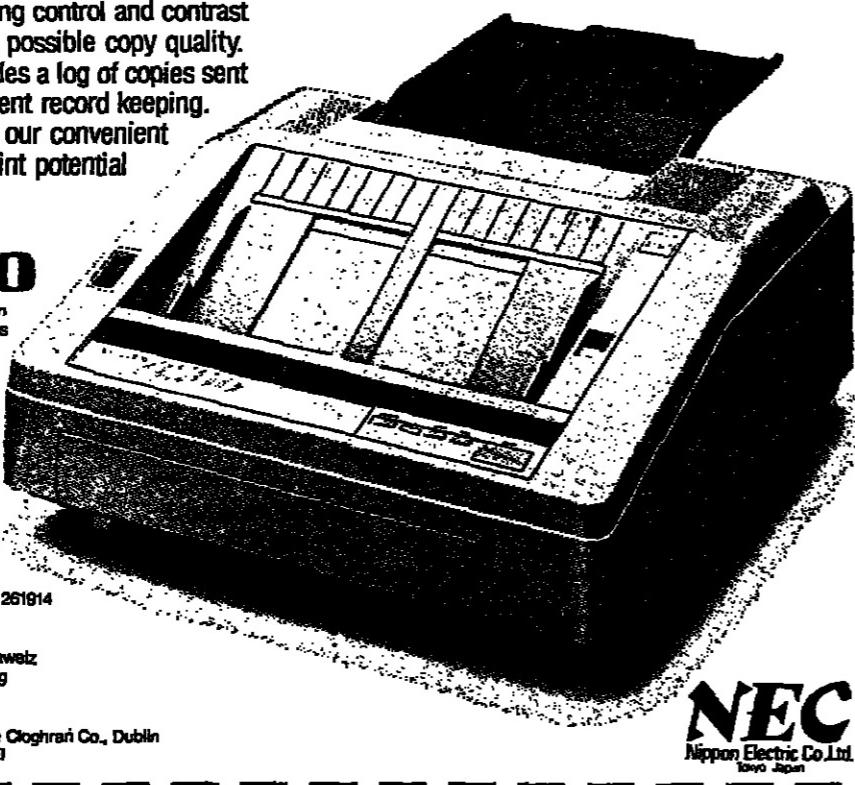
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The only floppy disk guaranteed to work first time, every time... for your lifetime: Inmac Plus.

Here is news of a major breakthrough for all floppy disk users — a floppy disk that is error free, reliable, accurate and guaranteed forever!

You told us you needed a reliable floppy disk.

When we asked you — the floppy disk user — what you needed, you told us "reliability and accuracy." After nearly two years of research and testing together with a major manufacturer, we can now offer you a floppy disk that is so reliable and accurate, that we can guarantee it for your lifetime! Should an Inmac Plus disk ever fail to perform to your satisfaction, we will replace it immediately! If it fails an initializing or formatting routine, we will replace it with two disks!! How can we make such a shattering claim? The secret is advanced technology...

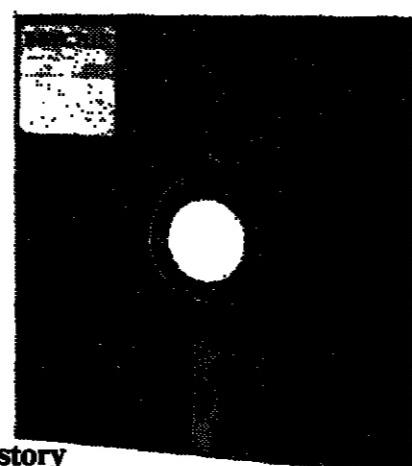
The Secret of Inmac Plus Reliability.

1. Inmac Plus works first time, every time. The first thing you will notice that is different about Inmac Plus is the blue hub ring. There is no better protection for your diskette against the warps, denis, burns and tears caused by your drive's clamping hub.

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3. Inmac Plus does not wear down like other disks. Friction from drive heads and pressure pads is a major cause of wear and tear to a diskette. The Inmac Plus disk has a special cured lubricant that lasts and lasts.

4. 100% Error Free. The mylar substrate of the floppy undergoes a special annealing process in manufacture which improves reliability by resisting expansion and contraction due to variations in temperature and humidity. Inmac's unique testing routines are to stringent specifications to ensure Inmac Plus floppies are 100% error free.



For the full story behind Inmac Plus — read the Inmac catalogue — out now!

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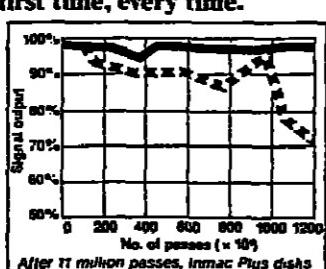
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After 11 million passes, Inmac Plus disks have failed less than 100% of their original output. The lower trace represents a typical competitive brand.

How student programmers show the way

COMMERCIAL SPIN-OFFS from Britain's universities have become almost commonplace. But 10 years' experience with computers at King Edward's Five Ways School, Birmingham, has led to something more unusual — a commercial spin-off from a secondary school.

Five Ways Software is in the process of moving from portacabins in the school grounds to proper offices. And Mr Tony Clements, the director, who is still, technically, a maths teacher on the staff of King Edwards, is about to cut his last link with the educational system and take charge of a commercial company producing educational software.

The management of Five Ways are teachers, while the programmers are 18-year-old pre-university year students from all over the country.

A new tier of "middle management" aged about 22, is beginning to emerge as former pupils come back, their university studies completed. Already, Five Ways has produced 15 software titles which have been distributed by Heinemann, the educational publishers. Eight more are about to be published and a further dozen are in the pipeline.

They range from programmes on the French language to a physics course on lenses and weather for geography students.

Strong interest in micros at the secondary level of education

Hopes among educators are high

WHEN NEW Year's day cut off central Government's offer to pay half of the price of a micro-computer for any secondary school, Conservative ministers had reason to feel pleased.

The offer was taken up by 85 per cent of the roughly 7,000 UK secondary schools, not only in the State sector — where in most cases the other half of the money was supplied largely by local education authorities — but in the independent sector as well.

Of the two systems approved for purchase under the offer, Research Machines' 3802 proved more popular than the BBC Model A "A" produced in conjunction with Acorn. And while the educational return on the investment is inevitably uncertain, hopes among the educators are widespread. Fears that whatever the take-up, in most cases the potential educational benefits of the installations will go largely unrealised for many years if not for all time.

Three systems are available under the primary scheme. They are Research Machines' 4802 under BBC/Acorn Model B and Sinclair Spectrum.

In September, Sinclair started a marketing drive with a three-pronged offer to schools which opt for its equipment based on the 48K memory version of the Spectrum.

Schools choosing it can obtain free of charge a ZX printer priced at nearly £50, a free copy of the much-used BASIC language created especially for children in accordance with the educational principles of Jean Piaget, and 10 vouchers each

part scheme for primary schools.

Educational authorities tend to believe that it is at the primary stage that computers can be most beneficial, particularly in stimulating the majority of children who are unresponsive to conventional lessons and by the time they leave the primary stage are liable to be alienated from education for ever.

The promotion scheme for the foundation level of schooling — again a central Government offer to fund half of the cost of equipment for each of the UK's approximately 27,000 state and independent primary schools — opened on October 1 and will close on December 31 of this year.

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